Volume II

Consolidated Annual Financial Statements 2009/2010

Durban Marine Theme Park (Pty) Ltd – Annual Report, Annual Financial Statements 2009/2010

Inkosi Albert Luthuli ICC (Pty) Ltd – Annual Report, Annual Financial Statements 2009/2010

ETHEKWINI MUNICIPALITY AND ITS MUNICIPAL ENTITIES CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

I am responsible for the preparation of these annual financial statements, which are set out on pages 303 to 394, in terms of Section 126(1) of the Municipal Finance Management Act, Act 56 of 2003 and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 29 of these consolidated annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager

Durban

15 December 2010

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2010

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ABBREVIATIONS

GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
GAAP	Generally Accepted Accounting Practice
MFMA	Municipal Finance Management Act
HDF	Housing Development Fund
CRR	Capital Replacement Reserve
COID	Compensation for Occupational Injuries and Diseases
VAT	Value Added Taxation
PPE	Property Plant and Equipment
SALGA	South African Local Government Authority
GEPF	Government Employees Pension Fund
NJMP	Natal Joint Municipal Pension
DBSA	Development Bank of South Africa
IMFO	Institute of Municipal Finance Officers
MIG	Municipal Infrastructure Grant (previously CMIP)
MEs	Municipal Entities
SALA	South African Local Authority Pension Fund
INK	Inanda Ntuzuma KwaMashu
D' MOSS	Durban Metropolitan Open Space System
ABM	Area Based Management
DANIDA	Danish International Development Agency

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

		Group		Municipality	
Figures in Rand thousand	Note(s)	2010	2009	2010	2009
NET ASSETS AND LIABILITIES					
NET ASSETS					
Housing development fund	2	292,225	495,012	292,225	495,012
Accumulated Surplus		21,251,154	19,120,437	20,657,169	18,452,171
		21,543,379	**19,615,449**	**20,949,394**	**18,947,183**
LIABILITIES					
Non-Current Liabilities					
Long-term liabilities	3	8,242,350	5,865,195	8,150,386	5,779,547
Non-current provisions	4	263,376	181,066	263,376	181,066
Retirement benefit obligations	5	1,634,468	1,389,639	1,634,468	1,389,639
		10,140,194	**7,435,900**	**10,048,230**	**7,350,252**
Current Liabilities					
Deposits	6	807,433	684,201	789,263	664,415
Current portion of Retirement benefit obligations	5	140,874	128,605	140,874	128,605
Current provisions	4	34,195	34,730	31,528	32,234
Creditors	7	4,705,858	4,660,292	4,707,287	4,652,378
Unspent conditional grants and receipts	8	622,668	812,435	622,668	812,403
Bank overdraft	9	379,843	633,204	379,843	633,129
Current portion of long-term liabilities	3	524,974	292,337	524,300	290,772
		7,215,845	**7,245,804**	**7,195,763**	**7,213,936**
Total Liabilities		**17,356,039**	**14,681,704**	**17,243,993**	**14,564,188**
Total Net Assets and Liabilities		**38,899,418**	**34,297,153**	**38,193,387**	**33,511,371**
ASSETS					
Non-Current Assets					
Property, plant and equipment	10	29,578,931	24,333,029	28,399,160	23,125,415
Intangible assets	11	326,488	353,572	324,838	351,952
Investment properties	12	430,964	442,353	296,285	321,423
Investments in municipal entities	13	-	-	724,499	707,389
Investments	14	-	288,321	-	288,321
Investment in joint venture	15	-	-	137,089	156,851
Long-term Receivables	17	276,767	303,272	276,767	303,272
Deferred Revenue		5,204	2,271	-	-
		30,618,354	**25,722,818**	**30,158,638**	**25,254,623**
Current Assets					
Inventories	18	229,225	224,414	224,145	220,548
Investments	14	327,044	2,403,793	327,044	2,403,793
Consumer debtors	19	2,493,003	2,193,658	2,492,460	2,192,971
Debtors	20	2,892,821	2,374,076	2,764,856	2,207,830
VAT	22	354,053	273,927	378,284	297,783
Current portion of Long-term Receivables	17	27,254	16,461	27,254	16,461
Call investment deposits	21	1,522,698	391,798	1,430,751	277,008
Bank balances and cash	9	434,966	696,208	389,955	640,354
		8,281,064	**8,574,335**	**8,034,749**	**8,256,748**
Total Assets		**38,899,418**	**34,297,153**	**38,193,387**	**33,511,371**

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2010

STATEMENT OF FINANCIAL PERFORMANCE

		Group		Municipality	
Figures in Rand thousand	Note(s)	2010	2009	2010	2009
Revenue		**17,244,992**	**15,554,013**	**17,218,098**	**15,518,425**
Property rates	23	4,086,153	3,717,372	4,093,443	3,723,618
Property rates - penalties imposed and collection		150,210	195,067	150,210	195,067
Service charges	24	7,841,496	6,309,610	7,863,974	6,327,351
Rental of facilities and equipment		397,388	300,109	343,296	257,740
Fines		80,143	139,190	80,143	139,190
Licences and permits		28,109	25,008	28,109	25,008
Grants and subsidies	25	3,755,029	3,883,206	3,754,997	3,868,780
Public contributions and donations		34,516	4,826	31,978	2,046
Housing: Development Income		871,948	979,625	871,948	979,625
Other income		**1,849,846**	**1,252,572**	**1,664,689**	**1,515,154**
Other income	26	1,432,439	488,785	1,260,844	302,291
Interest earned - external investments		201,693	570,153	187,933	539,200
Interest earned - outstanding debtors		101,913	150,226	101,913	150,226
Gains on disposal of property, plant and equipment		78,943	31,509	78,943	31,509
Reversal of Loss on Impairment of Loans		-	-	198	480,029
Fair value adjustments	27	34,858	11,899	34,858	11,899
Total Revenue		**19,094,838**	**16,806,585**	**18,882,787**	**17,033,579**
Expenditure					
Employee related costs	28	4,633,632	4,163,241	4,540,518	4,089,007
Remuneration of councillors	29	73,969	69,671	73,969	69,671
Bad debts		574,189	477,260	572,984	475,891
Depreciation - Property, Plant and Equipment	10	1,142,485	844,869	1,079,106	785,441
Amortisation of intangible assets	11	94,323	78,658	93,376	78,387
Repairs and maintenance		1,982,267	1,517,823	1,965,682	1,499,763
Finance costs	30	484,290	691,171	480,942	690,865
Bulk purchases	31	4,531,944	3,649,336	4,531,944	3,649,336
Contracted Services		830,311	753,776	817,435	742,691
Grants and subsidies paid	32	139,488	83,359	149,977	93,254
Housing: Development Expenditure		871,948	979,625	871,948	979,625
General expenses	33	1,636,423	1,081,299	1,536,317	947,280
Loss on Impairment of Loans		-	3,258	-	-
Loss on disposal of property, plant and equipment		56,050	3,572	56,000	2,956
Depreciation - Investment Properties	12	2,745	4,404	391	550
Loss on Impairment of Investment in Municipal Entity		-	-	2,889	133,608
Loss on write-off of Servitudes		-	9,497	-	9,497
Impairment Loss - Property, Plant and Equipment		46,996	-	46,488	-
Fair value adjustment	27	65,848	12,392	65,848	12,392
Total Expenditure		**17,166,908**	**14,423,211**	**16,885,814**	**14,260,214**
Operating surplus		**1,927,930**	**2,383,374**	**1,996,973**	**2,773,365**
Share of Income from Joint Venture		-	-	5,238	19,601
Surplus for the year		**1,927,930**	**2,383,374**	**2,002,211**	**2,792,966**

Refer to Appendix C for comparison with the approved budget

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2010

STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand thousand	Housing development fund	Accumulated Surplus	Net Assets
Group			
Opening balance as previously reported	556,816	15,320,840	15,877,656
Adjustments:			
Prior year adjustments (prior to 2008/09)		1,354,419	1,354,419
Balance at 01 July 2008 as restated	**556,816**	**16,675,259**	**17,232,075**
Transfer to Housing Development Fund (adjusted)	(61,804)	61,804	-
Surplus for the year as previously reported		2,173,925	2,173,925
Opening balance as previously reported	495,012	18,910,988	19,406,000
Prior year adjustments (2008/09)		209,449	209,449
Balance at 01 July 2009 as restated	**495,012**	**19,120,437**	**19,615,449**
Transfer to Housing Development Fund	(202,787)	202,787	-
Surplus for the year		1,927,930	1,927,930
Balance at 30 June 2010	**292,225**	**21,251,154**	**21,543,379**

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2010

STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand thousand	Housing development fund	Accumulated Surplus	Net Assets
Municipality			
Opening balance as previously reported	556,816	15,252,865	15,809,681
Adjustments:			
Prior year adjustments (prior to 2008/09)		344,536	344,536
Balance at 01 July 2008 as restated	**556,816**	**15,597,401**	**16,154,217**
Transfer to Housing Development Fund (adjusted)	(61,804)	61,804	-
Surplus for the year as previously reported		2,563,807	2,563,807
Opening balance as previously reported	495,012	18,223,012	18,718,024
Adjustments:			
Prior year adjustments (2008/09)		229,159	229,159
Balance at 01 July 2009 as restated	**495,012**	**18,452,171**	**18,947,183**
Transfer to Housing Development Fund	(202,787)	202,787	-
Surplus for the year		2,002,211	2,002,211
Balance at 30 June 2010	**292,225**	**20,657,169**	**20,949,394**

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2010

Cash Flow Statement

		Group		Municipality	
Figures in Rand thousand	Note(s)	2010	2009	2010	2009
Cash flows from operating activities					
Cash receipts from ratepayers, government and other		17,298,390	15,019,920	16,994,141	14,785,232
Cash paid to suppliers and employees		(14,563,741)	(11,626,618)	(14,259,684)	(11,390,406)
Cash generated from operations	34	2,734,649	3,393,302	2,734,457	3,394,826
Interest income		303,606	720,379	289,846	689,426
Finance Costs		(484,290)	(691,171)	(480,942)	(690,865)
Net cash from operating activities		**2,553,965**	**3,422,510**	**2,543,361**	**3,393,387**
Cash flows from investing activities					
Purchase of property, plant and equipment	10	(6,463,461)	(5,896,786)	(6,427,411)	(5,886,187)
Proceeds on disposal of property, plant and equipment, Investment properties and Intangible assets	10,11&12	91,282	56,479	91,328	56,462
Increase in investment properties	12	(31,617)	(20,014)	(15,514)	(345)
Purchase of other intangible assets	11	(67,289)	(101,526)	(66,311)	(100,634)
Increase in current investments		2,076,749	1,700,960	2,111,607	1,696,547
Increase in non current investments		323,179	(171)	288,321	4,242
Increase in Loans to Municipal Entities		-	-	198	(15,971)
(Increase) / decrease in non-current receivables		30,419	(11,143)	21,685	(11,144)
Increase in Investment in Municipal Entities		-	-	(19,999)	-
Decrease in Joint Venture loan account		-	-	25,000	29,000
Net cash from investing activities		**(4,040,738)**	**(4,272,201)**	**(3,991,096)**	**(4,228,031)**
Cash flows from financing activities					
Loans repaid		(290,581)	(305,269)	(295,635)	(302,463)
New loans raised		2,900,373	1,050,000	2,900,000	1,050,000
Net cash from financing activities		**2,609,792**	**744,731**	**2,604,365**	**747,537**
Total cash movement for the year		**1,123,019**	**(104,960)**	**1,156,630**	**(87,107)**
Cash at the beginning of the year		454,802	559,762	284,233	371,340
Total cash at end of the year	9	**1,577,821**	**454,802**	**1,440,863**	**284,233**

ACCOUNTING POLICIES

1. Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP). The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

Entities are required to apply the Standards of GRAP where the Minister has determined the effective date. The Minister has determined the effective date for the following Standards of GRAP:

GRAP 1 Presentation of Financial Statements
GRAP 2 Cash Flow Statements
GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4 The Effects of Changes in Foreign Exchange Rates
GRAP 5 Borrowing Costs
GRAP 6 Consolidated and Separate Financial Statements
GRAP 7 Investments in Associates
GRAP 8 Investment in Joint Ventures
GRAP 9 Revenue from Exchange Transactions
GRAP 10 Financial Reporting in Hyperinflationary Economies
GRAP 11 Construction Contracts
GRAP 12 Inventories
GRAP 13 Leases
GRAP 14 Events After the Reporting Date
GRAP 16 Investment Property
GRAP 17 Property, Plant and Equipment
GRAP 19 Provisions, Contingent Liabilities and Contingent Assets
GRAP 100 Non-current Assets Held for Sale and Discontinued Operations
GRAP 101 Agriculture
GRAP 102 Intangible Assets

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

Directives issued and effective:

Directive 1: Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP
Directive 2: Transitional Provisions for the Adoption of Standards of GRAP by Public Entities, Municipal Entities and Constitutional Institutions.
Directive 3: Transitional Provisions for the Adoption of Standards of GRAP by High Capacity Municipalities.
Directive 4: Transitional Provisions for the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities.
Directive 5: Determining the GRAP reporting framework.
Directive 7: The Application of Deemed Cost on the Adoption of Standards of GRAP.

Interpretations of the Standards of GRAP
IGRAP Applying the Probability Test on Initial Recognition of Exchange Revenue.

Approved guidelines of Standards of GRAP:

Guide 1 Guideline on Accounting for Public Private Partnerships

Effective accrual based IPSAS's considering the provisions in paragraphs .15 to .19 of the Directive:

IPSAS 20 Related Party Disclosures

Effective IFRS's and IFRIC's that are applied considering the provisions in paragraphs .20 to .26 of the Directive:

IFRS 3 (AC 140) Business Combinations
IFRS 4 (AC 141) Insurance Contracts
IFRS 6 (AC 143) Exploration for and Evaluation of Mineral Resources
IFRS 7 (AC 144) Financial Instruments: Disclosures

IAS 12 (AC 102) Income Taxes
IAS 19 (AC 116) Employee Benefits
IAS 32 (AC 125) Financial Instruments: Presentation
IAS 36 (AC 128) Impairment of Assets
IAS 39 (AC 133) Financial Instruments: Recognition and Measurement
SIC - 21 (AC 421) Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC - 25 (AC 425) Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
SIC - 29 (AC 429) Service Concession Arrangements - Disclosures
IFRIC 2 (AC 435) Members' Shares in Co-operative Entities and Similar Instruments
IFRIC 4 (AC 437) Determining whether an Arrangement contains a Lease
IFRIC 9 (AC 442) Reassessment of Embedded Derivatives
IFRIC 12 (AC 445) Service Concession Arrangements
IFRIC 13 (AC 446) Customer Loyalty Programmes
IFRIC 14 (AC 447) IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.
IFRIC 15 (AC 448) Agreements for the Construction of Real Estate
IFRIC 16 (AC 449) Hedges in a Net Investment in a Foreign Operation

A summary of the significant accounting policies are disclosed below.

These accounting policies are consistent with the previous year, unless otherwise stated.

1.1 Basis of consolidation

The consolidated annual financial statements incorporate the financial statements of the Municipality and Municipal Entities controlled by the Municipality, Joint Venture and the Transport Authority.

On acquisition, the assets and liabilities of a entity are measured at their fair values at the date of acquisition. The interests of outside shareholders are stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of the entities acquired or disposed during the year are included in the consolidated Statement of Financial Performance from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the annual financial statements of municipal entities to bring the accounting policies used into line with those used by the Municipality and other entities included in the Group.

All significant transactions and balances between members of the Group are eliminated on consolidation.

1.2 Presentation of currency

These annual financial statements are presented in South African Rand, which is the functional currency of the Municipality and its entities.

1.3 Going concern assumption

These annual financial statements have been prepared on a going concern basis.

1.4 Standards, amendments to standards and interpretations issued but not yet effective

GRAP 18: Segment Reporting – issued March 2005:

Compliance with this standard would have had an effect on the presentation only. Financial information would have been reported by segments. The disclosure of this information will assist users of the financial statements to better understand the entity's past performance and to identify the resources allocated to support the major activities of the entity.

GRAP 21: Impairment of Non-Cash-Generating Assets – issued March 2009:

Non-cash-generating assets have not been tested for impairment. Had a test for impairment been done and an impairment loss recognised, a loss would be recognised in the Statement of Financial Performance and a decrease in the carrying value of the non-cash-generating asset. The impact of the adoption of the Standard cannot be measured as the loss on impairment is uncertain.

GRAP 23: Revenue from Non-Exchange Transactions (Taxes and Transfers) – issued February 2008:

Non-exchange transactions in which the entity receives services without directly giving approximately equal value in exchange, has not been accounted for as revenue. These transactions are minimal and are considered immaterial. Refer to paragraph 1.18.2 for compliance in current year.

GRAP 24: Presentation of Budget Information in Financial Statements – issued November 2007:

Compliance with this standard would have had an effect on the presentation only. The budget information is currently disclosed in the appendices.

GRAP 103: Heritage Assets – issued July 2008:

Compliance with this standard will not have an impact on the current financial information as the recognition and measurement requirements of the standard have already been adopted.

1.5 Housing Development Fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.6 Investment properties

Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

1.6 Investment properties (continued)

Derecognition

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognised in surplus or deficit in the period of the retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up shall be recognised in surplus or deficit when the compensation becomes receivable.

Subsequent Measurement

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses. Transfers to or from investment property are made when and only when there is a change in use.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Item	Useful life
Property - land	indefinite
Property - buildings (2009: 30 years)	10 - 80 years

1.7 Property, plant and equipment

Initial Recognition

Property, plant and equipment are stated at cost less accumulated depreciation. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives.
Land is not depreciated as it is deemed to have an indefinite life.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Subsequent Measurement

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

Depreciation and Impairment:

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. Depreciation is calculated from the first day of the month subsequent to the acquisition date. The annual depreciation rates are based on the following estimated asset lives:-

Details	Years
Infrastructure	
• Rivers and Coastal Engineering (2009: 30 years)	20 - 80 years
• Roads and Motorways	20 - 80 years
• Economic Development	20 years
• Traffic Equipment (2009: 20 years)	10 - 80 years
• Stormwater Drainage	20 - 80 years
• Airport Infrastructure (2009: 20 years)	15 - 80 years
• Solid Waste	3 - 30 years
• Water and Sanitation	20 - 80 years
• Major Substations: Buildings (2009: 30 years)	30 - 50 years
• Transformers and Related Equipment (2009: 30 years)	30 - 45 years
• Mains (2009: 20 years)	30 - 55 years
• Street Lighting (2009: 20 years)	20 - 30 years
Community	
• Buildings (2009: 30 years)	20 - 80 years
• Recreational Facilities (2009: 20 to 30 years)	10 - 80 years
Other property, plant and equipment	
• Buildings (2009: 30 years)	20 - 80 years
• Markets and Informal Markets (2009: 30 years)	15 - 30 years
• Fire Engines	20 years
• Landfill Sites	3 - 30 years
• Car Parks (2009: 10 years)	15 years
• Lifts	10 years
• Building Improvements	10 years
• Heavy and Mobile Plant	7 - 10 years
• Furniture and fittings	7 years
• Vehicles	5 years
• Bins and containers	5 years
• Plant – General	5 years
• Security Systems	5 - 15 years
• Office equipment	5 - 7 years
• Airconditioning	5 - 15 years
• Public Address Systems	15 years
• Turnstiles	15 years
• Electrical	20 years
• Mechanical	20 years

1.7 Property, plant and equipment (continued)

• Hostels	20 - 80 years
• Conventional Metering	15 - 25 years
• Other items of Plant and Equipment	5 - 7 years

All assets are considered to have a nil residual value.

The acquisition costs of library books are expensed annually. A bar-coding system is in place to track the movement of all books. All library books owned by the Municipality are included in the bar-coding system.

Included under the category of "Other" are transport vehicles which are currently leased to a third party - see Accounting Policy 1.20 on Leases.

Derecognition:
Items of Property, Plant and Equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The Municipality has an obligation to rehabilitate its landfill sites in terms of its licence stipulations. Provision is made for this obligation in accordance with the Municipality's accounting policy on non-current provisions – see Accounting Policy 1.16 on Provisions.

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognized as a change in accounting estimate in the Statement of Financial Performance.

The Municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

1.8 Intangible assets

Initial Recognition.

Intangible assets are initially recognised at cost and comprise of software and servitudes.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale.
- it is technically feasible to complete the intangible asset.
- the municipality has the resources to complete the project.
- it is probable that the municipality will receive future economic benefits or service potential.

Computer software is capitalised to computer equipment where it forms an integral part of computer equipment.

Servitudes are classified as intangible assets. Rights consist of servitudes. Rights are not amortised as they have an indefinite useful life. A servitude is granted for an indefinite period.

Subsequent Measurement

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test. Expenditure on an intangible asset is recognised as an expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria. Residual value of intangible assets is estimated to be nil.

1.8 Intangible assets (continued)
Amortisation and Impairment

Amortisation is charged so as to write off the cost of intangible assets over their estimated useful lives, using the straight line method as follows :-.

Computer Software 5 - 10 years (2009: 5 years).

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance. The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Derecognition:

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.9 Impairment of assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

1.10 Financial instruments

Initial recognition

Financial instruments are initially recognised at fair value.

Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

Loans to (from) municipal entities

These include loans to municipal entities and recognised at cost.

An impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Debtors

Debtors are recognised at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of debtors is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the debtors. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Impairment losses are recognised in the Statement of Financial Performance.

An estimate is made for doubtful debts based on the categorisation of debts and a review of past trends in collection rates applied to all outstanding amounts at year-end.

1.10 Financial instruments (continued)

Creditors

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

These are initially and subsequently recorded at fair value.

For cash flow purposes cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

Borrowings and other financial liabilities

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of financial performance over the period of the borrowings using the effective interest method.

Long term borrowings are non-derivative financial loans and the Municipality does not hold financial loans for trading purposes. Long term borrowings are utilised solely for funding capital projects and the book value is disclosed at amortised cost.

Other financial liabilities are carried at amortised cost.

Loans and receivables

Loans and receivables are measured initially and subsequently at fair value, gains and losses arising from changes in fair value are included in profit or loss for the period.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

1.11 Investments

Investments are measured initially and subsequently at fair value, gains and losses arising from changes in fair value are included in profit or loss for the period.

The Municipality classifies its investments in the following categories: loans and receivables and held-to-maturity investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date. Investments held for less than 12 months are not fair-valued.

1.11.1 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the municipality has the positive intention and ability to hold to maturity.

In the current year investments are carried at cost which represents the fair value of the investments as all investments have a maturity date less than 12 months.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

1.12 Investments in municipal entities

Group annual financial statements

The group annual financial statements include those of the municipality and its municipal entities. The results of the municipal entities are included from the effective date of acquisition.

On acquisition the group recognises the municipal entities's identifiable assets, liabilities and contingent liabilities at fair value, except for assets classified as held-for-sale, which are recognised at fair value less costs to sell.

Municipal annual financial statements

In the municipality's separate annual financial statements, investments in municipal entities are carried at cost less any accumulated impairment.

Investments in municipal entities under the ownership control of the Municipality are carried at cost. Separate consolidated financial statements are prepared to account for the Municipality's share of net assets and post acquisition results of these investments.

1.13 Investment in joint venture

Group annual financial statements

An investment in a joint venture is accounted for using the proportionate consolidation method, except when the asset is classified as held-for-sale. Under the proportionate consolidation method the group's share of each of the assets, liabilities, income and expenses of the investment is combined line by line with similar items in the group annual financial statements. The use of proportionate consolidation is discontinued from the date on which it ceases to have joint control over a jointly controlled entity.

Municipal annual financial statements

An investment in a joint venture is carried at cost less any accumulated impairment.

The Municipality's share of profits or losses, resulting from operations of the joint venture, is recognised on the accrual basis and is capitalised to the cost of the investment.

1.14 Inventories

Initial Recognition

Inventories are initially recognized at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process. .

Subsequent Measurement

Consumable stores, maintenance materials and water stock are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average method.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

1.15 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

In the prior periods borrowing costs were recognised as an expense in the period in the Statement of Financial Performance.

1.16 Provisions

Provisions are recognised when:

- the municipality has a present or constructive obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate.

Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

1.17 Retirement Benefits

1.17.1 Defined contribution plans

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

1.17.2 Pension obligations

The municipality and its employees contribute to 8 different Pension Funds, of which 2 (Durban Pension Fund and the KZN Pension Fund) cater for more than 95% of staff.

The Durban Pension Fund is a defined benefit fund and is actuarially valued on an interim basis each year with a statutory valuation undertaken every three years.

The KZN Municipal Pension Fund is a defined contribution fund. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

Natal Joint Superannuation & Retirement Funds and Government Employee Pension Fund are defined benefit funds.

The Natal Joint Provident Fund, Multi Linked and South African Local Authority are defined contribution funds.

The schemes are funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations.

The Municipality has both defined benefit and defined contribution plans.
A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.
A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

1.17 Retirement Benefits (continued)

The liability/asset recognized in the statement of financial position in respect of defined benefit pension plans is equal to the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Cumulative actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligations are spread to income over the employees' expected average remaining working lives. Past-service costs are recognised immediately in income.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Municipality has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Durban Marine Theme Park (Proprietory) Limited reimburses uShaka Management (Pty) Ltd for the cost of the Provident Fund maintained by it for staff who work at uShaka Marine World. All such staff are obliged to be members of the Provident Fund which is governed by the Pension Funds Act of 1956. Contributions are based on a percentage of the payroll and charged to the Statement of Financial Performance in the year to which they relate.

All staff of the I.C.C. Durban (Proprietory) Limited are members of the I.C.C. Pension Fund which is a defined contribution fund.

1.17.3 Other post-employment benefit obligations

The municipality provides post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are charged or credited to income in the year that they arise.

1.18 Revenue

Revenue comprises of the consideration received or receivable for the sale of goods and services in the ordinary course of the Municipality's activities. Revenue is shown net of value added tax, estimated returns, rebates and discounts and after eliminated revenue within departments of the Municipality. Revenue is recognised as follows:

Revenue from Exchange Transactions

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced.

Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property based on category of property and the property value.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest and rentals are recognised on a time proportion basis.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

1.18 Revenue (continued)

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportion basis.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

Durban Marine Theme Park (Proprietary) Limited recognises revenue from entrance parking fees and sales immediately upon receipt. All other revenue is recognised as it accrues.
All other revenue is recognised as it accrues.

Revenue from non-exchange transactions

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received. There is uncertainty regarding recoverability of outstanding fines and summonses. Spot fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the Public Prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, at the fair value of the consideration received or receivable.

Contributed property, plant and equipment is recognised when ownership of the items of property, plant and equipment is transferred to the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest and rentals are recognised on a time proportion basis.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportion basis.

1.18 Revenue (continued)

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

Durban Marine Theme Park (Proprietary) Limited recognises revenue from entrance parking fees and sales immediately upon receipt.

All other revenue is recognised as it accrues.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

In the prior year revenue from Regional Levies, both those based on turnover as well as those based on remuneration, was recognised on the payment due basis. Where declarations have not been submitted, estimated levies based on average data are accrued. Estimates are reviewed regularly to ensure that average data is appropriate.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received. There is uncertainty regarding recoverability of outstanding fines and summonses. Spot fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the Public Prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, at the fair value of the consideration received or receivable.

Contributed property, plant and equipment is recognised when ownership of the items of property, plant and equipment is transferred to the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

1.19 Grants,transfers and donations

Income received from conditional grants, donations and subsidies is recognised to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised and funds are invested until utilised.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder, it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

Grants and receipts of a revenue nature: Income is transferred as revenue to the Statement of Financial Performance to the extent that the criteria, conditions or obligations have been met.

ACCOUNTING POLICIES

1.20 Leases

Operating leases - The Municipality as lessor

Assets leased to third parties under operating leases are included in investment properties and property, plant and equipment in the statement of financial position.

They are depreciated over their expected useful lives on a basis consistent with similar owned investment properties and property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised over the lease term.

Operating leases – The Municipality as lessee

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of financial performance on a straight-line basis over the period of the lease.

1.21 Tax

Deferred income tax

The Municipality is exempted from tax in terms of section 10(1)(a) of the Income Tax Act..

Deferred income tax, with respect to Municipal entities, is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised.

The Municipality is exempted from tax in terms of section 10(1)(a) of the Income Tax Act.

1.22 Unauthorised Expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. Where unauthorised expenditure is not approved, it is recovered from the responsible person and the amount received is accounted for as revenue in the Statement of Financial Performance.

1.23 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority it is treated as a current asset until it is recovered or written off as irrecoverable in the Statement of Financial Performance.

1.24 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. If the expenditure is not condoned by the relevant authority it is accounted for as a current asset in the Statement of Financial Position until such time as the expenditure is recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

ACCOUNTING POLICIES

1.25 Translation of foreign currencies

Foreign currency transactions

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

1.26 Comparatives Information

1.26.1 Current year comparatives

Budgeted amounts have been included in an annexure to these financial statements for the current financial year only.

1.26.2 Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed.Where there has been a change in accounting policy in the current year,the adjustment is made retrospectively as far as is practicable,and the prior year comparatives are restated accordingly.

1.27 Long Service Awards

Provision for long service awards represents the present value of the estimated future cash outflows to be made by the Municipality resulting from employee services provided up to Statement of Financial position date. The provision comprises amounts that the Municipality has a present obligation to pay resulting from employees services provided up to Statement of Financial position date.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand		Group 2010	Group 2009	Municipality 2010	Municipality 2009
2. HOUSING DEVELOPMENT FUND					
Housing Development Fund					
Accumulated Surplus		25,246	228,033	25,246	228,033
Loans extinguished by Government on 1 April 1998		266,979	266,979	266,979	266,979
Total		**292,225**	**495,012**	**292,225**	**495,012**
The Housing Development Fund is represented by the following assets and liabilities:					
Property, plant and equipment	10	77,859	50,296	77,859	50,296
Housing selling scheme loans		139,621	165,800	139,621	165,800
Housing rental Debtors		31,342	28,312	31,342	28,312
Housing other Debtors		24,187	3,591	24,187	3,591
Housing inventory		136	206	136	206
Investments		98,501	310,609	98,501	310,609
Investment properties		17,909	18,275	17,909	18,275
Bank and cash		5,009	4	5,009	4
Intangible Assets		9	-	9	-
Sub-total		**394,573**	**577,093**	**394,573**	**577,093**
Long-term liabilities		(467)	(489)	(467)	(489)
Bank overdraft		-	(1,707)	-	(1,707)
Creditors		(82,062)	(66,873)	(82,062)	(66,873)
Government Grant Reserve		(19,819)	(13,012)	(19,819)	(13,012)
Total Housing Development Fund Assets and Liabilities		**292,225**	**495,012**	**292,225**	**495,012**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group 2010	Group 2009	Municipality 2010	Municipality 2009
3. LONG-TERM LIABILITIES				
Annuity Loans	8,656,418	6,053,499	8,651,486	6,047,119
Non Annuity Loans	23,000	23,000	23,000	23,000
Debentures and Local Registered Stock Loans	87,906	81,033	200	200
Sub-total	**8,767,324**	**6,157,532**	**8,674,686**	**6,070,319**
Current portion of long term liabilities				
Annuity Loans	501,974	292,337	501,300	290,772
Non Annuity Loans	23,000	-	23,000	-
Sub-total	**524,974**	**292,337**	**524,300**	**290,772**
Non-current liabilities				
Long term Portion	**8,242,350**	**5,865,195**	**8,150,386**	**5,779,547**

The fair value of all long term loans approximates their book values.

Refer to Note 52 for more detail on long-term liabilities.

R27m (2009:R23.2m) has been invested specifically in a ring-fenced account for the repayment of long-term liabilities. See note 42 for more detail.

DBSA Phase 2 and Phase 3 loans of R400million each are separately secured, each by a cession of an acceptable revenue stream of R20 million p.a. as security. The DBSA Phase 2 loan of R400million is a floating interest rate contract, and in order to mitigate the floating interest rate exposure, the Municipality entered into a fixed interest rate swap agreement with Standard Corporate & Merchant Bank.

DBSA Phase 5 of R300m is seperately secured by a cession of an acceptable revenue stream of R15 million p.a. as security .

AFD Calyon of R58.7m is seperately secured by a cession of carbon credit income in the event of default or non-payment. The income is estimated to be R18.4m to the year 2011and R19.5m to the year 2012.

Ushaka:Debentures:
The unsecured convertible debenture bears interest at a non-compounding rate of 13% per annum.The accrued interest is payable at the end of the twelfth year of the issued debenture.The debenture is convertible at the option of the holder into ordinary shares of the company at anytime during 12 years from date of issue.Should the holder not excercise the option to convert,the debenture is redeemable at the option of either the issuer or the bearer after the 12 years from date of issue.On redemption the debenture capital is repayable in three equal annual tranched during 2017,2018 and 2019.

All other loans are unsecured.

4. PROVISIONS

Reconciliation of provisions - Group - 2010

	Opening Balance	Additions/(Prior year overprovision)	Utilised during the year	Total
Current				
Long service awards	12,206	(3,864)	(550)	7,792
Performance bonus, leave pay and overtime	17,954	7,677	(6,058)	19,573
Clearance of Alien Vegetation	4,570	6,973	(4,713)	6,830
Non-current				
Environmental rehabilitation: Landfill sites	44,399	4,284	(43)	48,640
Clearance of Alien Vegetation	13,655	4,223	-	17,878
Long service awards	123,012	73,846	-	196,858
	215,796	**93,139**	**(11,364)**	**297,571**

Reconciliation of provisions - Group - 2009

	Opening Balance	Additions/(Prior year overprovision)	Utilised during the year	Total
Current				
Clearance of Alien Vegetation	3,245	4,560	(3,235)	4,570
Performance bonus, leave pay and overtime	14,846	9,072	(5,964)	17,954
Long service awards	5,882	7,103	(779)	12,206
Non-current				
Environmental rehabilitation: Landfill sites	48,916	(3,762)	(755)	44,399
Clearance of Alien Vegetation	5,082	8,573	-	13,655
Long service awards	76,673	46,339	-	123,012
	154,644	**71,885**	**(10,733)**	**215,796**

Reconciliation of provisions - Municipality - 2010

	Opening Balance	Additions/(Prior year overprovision)	Utilised during the year	Total
Current				
Clearance of Alien Vegetation	4,570	6,973	(4,713)	6,830
Performance bonus	15,458	7,424	(5,976)	16,906
Long service awards	12,206	(3,864)	(550)	7,792
Non-current				
Environmental rehabilitation: Landfill sites	44,399	4,284	(43)	48,640
Clearance of Alien Vegetation	13,655	4,223	-	17,878
Long service awards	123,012	73,846	-	196,858
	213,300	**92,886**	**(11,282)**	**294,904**

4. Provisions (continued)

Reconciliation of provisions - Municipality - 2009

	Opening Balance	Additions/(Prior year overprovision)	Utilised during the year	Total
Current				
Clearance of Alien Vegetation	3,245	4,560	(3,235)	4,570
Performance bonus	10,518	10,251	(5,311)	15,458
Long service awards	5,882	7,103	(779)	12,206
Non-current				
Environmental rehabilitation: Landfill sites	48,916	(3,762)	(755)	44,399
Clearance of Alien Vegetation	5,082	8,573	-	13,655
Long service awards	76,673	46,339	-	123,012
	150,316	**73,064**	**(10,080)**	**213,300**
Non-current liabilities	263,376	181,066	263,376	181,066
Current liabilities	34,195	34,730	31,528	32,234
	297,571	**215,796**	**294,904**	**213,300**

Environmental rehabilitation: Landfill sites

The Landfill Rehabilitation Provision is created for the rehabilitation of the current operational sites at the future estimated time of closure. The value of the provision is based on the expected future cost to rehabilitate the various sites discounted back to the balance sheet date at the cost of capital, which is currently 10%. The Municipality has an obligation to rehabilitate these Landfill sites. The cost of such property includes the initial estimate of the costs of rehabilitating the land and restoring the site on which it is located, the obligation for which a municipality incurs as a consequence of having used the property during a particular period for landfill purposes. The Municipality estimates the useful lives and makes assumptions as to the useful lives of these assets, which influence the provision for future costs.

The asset is measured using the cost model:
(a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
(c) if the adjustment results in an addition to the cost of an asset, the Municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount, and any impairment loss is recognised in surplus or deficit.

Long service awards

Employees who achieve 15 years service will be granted 10 days paid leave (once off) together with a service certificate signed by the Head of Department.
Employees who achieve 25 years service will be granted 15 days paid leave (once off) together with an engraved gold watch to a maximum value of R2000 (value reviewable every five (5) years) and service certificate signed by Head of Department.
Employees who achieve 40 years service will be granted 20 days paid leave (once off) and a scroll duly signed by the Mayor in recognition of loyal service rendered to the Council.
The abovementioned leave is granted in addition to the annual leave entitlement and maximum accumulation granted in terms of the National Conditions of Service, and may be taken, converted to cash in full or partially or accumulated.
The abovementioned leave is only applicable to those employees who achieve the stated years of service after the effective date of these conditions.
The provision is an estimate of the long service award based on the monthly salaries rate at 30 June 2010 (2009: 30 June 2009). It has been assumed that the staff turnover rate will be insignificant based on historical data. A discount rate of 10 %(2009:11%)was used based on internal rate of return.

4. Provisions (continued)

Clearance of Alien Vegetation

The clearing of alien vegetation is required in terms of the Conservation of Agricultural Resources Act, 1983 (Act No. 43 of 1983). The Municipality has therefore made a provision for its obligation, based on future estimated costs for the next 3 years. This provision will be reviewed annually to reflect the fair value of the obligation.
Provision for invasive alien plant control / eradication is based on reliable data for growth rates, infestation rates and density. A detailed analysis, based on current costs of alien plant clearing, was undertaken. Input from numerous field staff was obtained with regard to the level of infestation of currently managed areas.
Data used for calculations:

Municipal owned land within the municipal area:	17 932 Ha
Municipal owned open space currently managed (prioritised):	2 186 Ha
Current approximate cost of clearing very high infestations of IAP's:	R4 995.00 / Ha

Performance Bonus

All employees who are employed in accordance with provisions of section 57 of the Municipal Systems Act are required, in terms of their employment contracts, to sign a performance agreement and performance plan in terms of which their performance is assessed annually. The criteria in terms of which they are assessed is linked to the I.D.P. 8-point plan. Strategic focus areas and key performance indicators are set out in the plan, together with targets and weightings for each target. Employees are assessed quarterly and against these targets and a final assessment is conducted at the end of the financial year. The performance bonus paid to each employee is dependant on the overall score achieved in this assessment and is subject to the approval of the City Manager.

5. RETIREMENT BENEFIT OBLIGATIONS

5.1. Defined benefit plan

Statement of Financial Position obligation for:

Post-employment medical benefits	1,892,056	1,589,173	1,892,056	1,589,173
Pension benefits	(116,714)	(70,929)	(116,714)	(70,929)
Balance at end of year	**1,775,342**	**1,518,244**	**1,775,342**	**1,518,244**

Statement of Financial Performance obligation for:

Post-employment medical benefits		302,883	194,721	302,883	194,721
Pension Benefits:		-	-	-	-
Defined Benefit Funds		111,662	122,371	111,662	122,371
Defined Contribution Funds		556,261	510,230	553,465	508,445
Total, included in employee benefits expense	28	**970,806**	**827,322**	**968,010**	**825,537**

5.1.1. Post-Retirement Medical Aid Plan

The municipality operates on 6 accredited medical aid schemes, namely Global Health, Hosmed, Munimed, Bonitas, Samwumed and LA Health. Pensioners continue on the option they belonged to on the day of their retirement.

Movement in the defined benefit obligation is as follows:

Balance at beginning of the year	1,589,173	1,394,452	1,589,173	1,394,452
Current service cost	64,122	60,246	64,122	60,246
Interest cost	147,959	131,715	147,959	131,715
Actuarial (gains) losses	151,079	48,878	151,079	48,878
Benefit payments	(60,277)	(46,118)	(60,277)	(46,118)
Balance at end of year	**1,892,056**	**1,589,173**	**1,892,056**	**1,589,173**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand		Group 2010	Group 2009	Municipality 2010	Municipality 2009

5. Retirement benefit obligations (continued)
Net expense recognised in the Statement of financial performance

Current service cost		64,122	60,246	64,122	60,246
Interest cost		147,959	131,715	147,959	131,715
Actuarial (gains) losses		151,079	48,878	151,079	48,878
Benefit payments		(60,277)	(46,118)	(60,277)	(46,118)
Total, included in employee benefits expense	28	**302,883**	**194,721**	**302,883**	**194,721**

Trend Information - Disclosure Requirement Paragraph 120A(p) of IAS 19 (AC116)

	R' Million				
	30 Jun 2006	**30 Jun 2007**	**30 Jun 2008**	**30 Jun 2009**	**30 Jun 2010**
Present Value of Obligations	903,236	1,311,873	1,394,452	1,589,173	1,892,056
Present Value of Obligations in excess of Plan Assets	**903,236**	**1,311,873**	**1,394,452**	**1,589,173**	**1,892,056**
Experience Adjustments (Actuarial Gain/(Loss) before Changes in Assumptions)					
In respect of Present Value of Obligations	-	(24,040)	29,795	(46,905)	(252,079)

Disclosure Requirement Paragraph 120A(o) of IAS 19 (AC116)

	Health Care Cost Inflation		
	Central Assumption 7.75%	**-1%**	**+1%**
Accrued Liability 30 June 2010 (R' Million)	1,892,056	1,616,687	2,230,372
% Change		-14.6 %	17.9 %
Current Service Cost + Interest Cost 2010/11 (R' Million)	257,621	214,063	312,204
% Change		-16.9 %	21.2 %

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2010	2009	2010	2009

5. Retirement benefit obligations (continued)

Sensitivity Results from Previous Valuation	**Central Assumption 8.00%**	**-1%**	**+1%**
Current Service Cost + Interest Cost 2010/11 (R' Million)	212,081	176,746	156,596
% Change		-16.7 %	21.0 %

International Accounting Standard 19, paragraph 120A, sub-paragraph (q): The employer's best estimate, as soon as it can reasonably be determined, of contributions expected to be paid to the plan during the annual period beginning after the end of reporting period.

Key assumptions used

The principal actuarial assumptions used were as follows:

Discount rates used	9.25 %	9.50 %	9.25 %	9.50 %
General increases to medical aid contributions	7.75 %	8.00 %	7.75 %	8.00 %
Salary Inflation	7.25 %	8.00 %	7.25 %	8.00 %
Expected retirement age	63	63	63	63
Proportion continuing membership at retirement	100.00 %	100.00 %	100.00 %	100.00 %
Proportion of retiring members who are married	100.00 %	90.00 %	100.00 %	90.00 %

Other assumptions:

Age of spouse	-	Husbands 5 years older than wives
Mortality of in-service members	-	Mortaility table based on durban Pension Fund experience
Mortality of pensioners	-	a(m) and a(f) ultimate tables plus 0.50% improvement per annum

(No explicit assumption was made about additional mortality or health care costs due to AIDS).

Percentage of in-service members withdrawing before retirement:

Age 20	7.85 %	7.85 %	7.85 %	7.85 %
Age 25	5.67 %	5.67 %	5.67 %	5.67 %
Age 30	4.20 %	4.20 %	4.20 %	4.20 %
Age 35	3.31 %	3.31 %	3.31 %	3.31 %
Age 40	2.23 %	2.23 %	2.23 %	2.23 %
Age 45	1.21 %	1.21 %	1.21 %	1.21 %
Age 50	0.55 %	0.55 %	0.55 %	0.55 %
Age 55+	0.00 %	0.00 %	0.00 %	0.00 %

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2010	2009	2010	2009

5. Retirement benefit obligations (continued)
5.1.2. Pension benefits

The amounts recognised in the Statement of Financial Position were determined as follows:

Present value of funded obligations	7,066,557	6,937,082	7,066,557	6,937,082
Present value of the defined benefit obligation-partially or wholly funded	(8,226,174)	(7,504,933)	(8,226,174)	(7,504,933)
Asset not recognised due to future surplus policy not yet established	1,042,903	496,922	1,042,903	496,922
Liability (Surplus) in the Statement of Financial Position	**(116,714)**	**(70,929)**	**(116,714)**	**(70,929)**

Movement in the defined benefit obligation is as follows:

Balance at beginning of the year	(70,929)	(91,640)	(70,929)	(91,640)
Current service cost	111,662	122,371	111,662	122,371
Contributions by plan participants	25,606	29,979	25,606	29,979
Actuarial losses	385,752	2,033	385,752	2,033
Interest cost	656,977	618,505	656,977	618,505
Benefit payments	(470,336)	(472,662)	(470,336)	(472,662)
Obligation not recognised due to future surplus policy not yet established	(755,446)	(279,515)	(755,446)	(279,515)
Balance at end of year	**(116,714)**	**(70,929)**	**(116,714)**	**(70,929)**

Movement in the fair value of plan assets is as follows:

Actuarial gains (losses)	1,019,721	(789,874)	1,019,721	(789,874)
Employer contributions	67,461	78,803	67,461	78,803
Employee contributions	25,606	29,979	25,606	29,979
Benefit payments	(470,336)	(472,662)	(470,336)	(472,662)
Expected return on assets	757,776	742,880	757,776	742,880
Transfers out	(678,987)	-	(678,987)	-
Asset not recognised due to future surplus policy not yet established	(721,241)	410,874	(721,241)	410,874
Balance at end of year	-	-	-	-

The amounts recognised in the Statement of Financial Performance were as follows:

Current service cost - Defined Benefit Funds	111,662	122,371	111,662	122,371
Current service cost - Defined Contribution Funds	556,261	510,230	553,465	508,445
Total included in employee benefits expense	**667,923**	**632,601**	**665,127**	**630,816**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2010	2009	2010	2009

5. Retirement benefit obligations (continued)

Key assumptions used

The principal actuarial assumptions used were as follows:

Discount rate	9.25 %	10.75 %	9.25 %	10.75 %
Expected return on plan assets	9.75 %	11.00 %	9.75 %	11.00 %
Future salary increases	6.75 %	8.00 %	6.75 %	8.00 %
Future pension increases	4.55 %	5.98 %	4.55 %	5.98 %
Examples of mortality rates used were as follows:				
Active members (All):				
Age 20	0.13 %	0.13 %	0.13 %	0.13 %
Age 25	0.18 %	0.18 %	0.18 %	0.18 %
Age 30	0.25 %	0.25 %	0.25 %	0.25 %
Age 35	0.37 %	0.37 %	0.37 %	0.37 %
Age 40	0.52 %	0.52 %	0.52 %	0.52 %
Age 45	0.72 %	0.72 %	0.72 %	0.72 %
Age 50	0.99 %	0.99 %	0.99 %	0.99 %
Age 55	1.37 %	1.37 %	1.37 %	1.37 %
Age 60	1.89 %	1.89 %	1.89 %	1.89 %

All Councillors and employees belong to 8 retirement funds. The KZN Municipal Pension Fund is a defined contribution fund and became operational from 2001-11-01.

The results for the year ended 2005-06-30 (per the Fund Valuator) revealed that the fund was in sound financial position.

The Durban Pension Fund is a defined benefit fund administered by the eThekwini Municipality. The Fund is subject to a triennial actuarial valuation. The last statutory valuation was performed at 2010-01-01 revealed that the Fund was 100.9% funded with assets of R8.063 billion and liabilities of R7.989 billion.In compliance with the rules of the Durban Pension Fund an amount of R85.7million was contributed by Council in respect of retirement funding during the period under report

Certain members and Council contribute to the Natal Joint Superannuation, Retirement and Provident Funds (NJMP), SALA, Multi Linked and GEPF. Employees of eThekwini Municipality make up less than 1% of the total members of the NJMPF. eThekwini's liability in these funds could not be determined owing mainly to the assets not being allocated to each employer and one set of financials being compiled for each fund and not for each employer.

An interim valuation carried out on the NJMP Superannuation fund (defined benefit) at 31 March 2006 concluded that the surcharge of 6% be retained for the year to 30 June 2007 and thereafter at 4,5%.

The latest statutory valuation of the NJMP Retirement fund (defined benefit) as at 31 March 2007 reflected a fund deficit of R229.8 million in respect of members. The total contribution rate payable, including the total surcharge of 14% will eliminate the deficit by the year 2010.

The latest statutory valuation of the NJMP Provident Fund (defined contribution) as at 31 March 2007 revealed that the Fund was in a sound financial position.

Non-current liabilities	1,634,468	1,389,639	1,634,468	1,389,639
Current liabilities	140,874	128,605	140,874	128,605
	1,775,342	**1,518,244**	**1,775,342**	**1,518,244**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2010	2009	2010	2009

6. DEPOSITS

I.C.C. : Clients Deposits	16,802	18,395	-	-
Electricity	575,685	481,805	575,685	481,805
Water	163,415	136,766	163,415	136,766
Interest	50,163	45,844	50,163	45,844
Ushaka:Rental Deposits	1,368	1,391	-	-
Total Deposits	**807,433**	**684,201**	**789,263**	**664,415**

Included in eThekwini Municipality's deposits is an accrual of interest at an effective interest rate of 3% per annum (2009: 3%) which is paid to consumers when deposits are refunded.

7. CREDITORS

Trade payables	2,257,283	1,915,896	2,230,730	1,889,559
Payments received in advance	1,027,144	1,566,826	1,027,144	1,566,826
Accrued staff 13th cheques	36	33	-	-
Retentions	144,111	57,866	144,111	57,866
Bank Deposits not yet receipted	164,014	212,819	164,014	212,819
Staff leave	261,483	195,764	261,483	195,764
Other payables	848,600	790,911	876,618	809,367
Deferred expenditure	15,458	13,855	15,458	13,855
Adjustment for fair value at amortised cost	(12,271)	(93,678)	(12,271)	(93,678)
Total Creditors	**4,705,858**	**4,660,292**	**4,707,287**	**4,652,378**

8. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional Grants from other spheres of Government:

Electricity Demand Side Management Grant	8,000	-	8,000	-
Department of Provincial and Local Government	2,250	2,281	2,250	2,281
Department of Local Government and Traditional Affairs	8,213	12,167	8,213	12,167
Department of Transport and Public Transport Infrastructure	335,273	298,104	335,273	298,104
Department of Economic Activity and various Industries	2,295	2,778	2,295	2,778
Expanded Public Works Incentive Grant	43,243	-	43,243	-
Equitable Share	3,089	3,048	3,089	3,048
Neighbourhood Development Partnership Grant	9,003	25,216	9,003	25,216
2010 KZN Government Grant	-	125,026	-	125,026
A1 Grand Prix	-	644	-	644
Vuna Awards	2,945	3,056	2,945	3,056
Municipal Infrastructure Grant	14,330	191	14,330	191
Grant Accreditaion	315	410	315	410
Metropolitan Transport Authority - Taxi Ranks	32	32	32	32
Department of Housing	13,296	51,271	13,296	51,271
Lamontville and R293 Trf Deeds / Administration	1,556	1,556	1,556	1,556

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2010	2009	2010	2009

8. Unspent conditional grants and receipts (continued)

Other Conditional Receipts				
European Union	13,819	42,136	13,819	42,136
Donations and Public Contributions	120,110	142,130	120,110	142,130
DANIDA	831	1,973	831	1,973
D Moss Interest and Land Sales	8,362	8,436	8,362	8,436
Other Grants and Subsidies	35,706	19,504	35,706	19,472
Tsogo Sun	-	72,476	-	72,476
Total Conditional Grants and Receipts	**622,668**	**812,435**	**622,668**	**812,403**

These amounts are invested in a ring-fenced investment until utilised. See note 25 for more detail. No grants or subsidies were withheld during the year.

9. CASH AND CASH EQUIVALENTS

Refer to note 51 for details on Bank accounts and balances.

Cash and cash equivalents consist of:

Cash on hand	10,939	8,089	10,093	7,303
Bank balances	424,027	688,119	379,862	633,051
Bank balances and cash	434,966	696,208	389,955	640,354
Bank overdraft	(379,843)	(633,204)	(379,843)	(633,129)
	55,123	63,004	10,112	7,225
Call Investment Deposits	1,522,698	391,798	1,430,751	277,008
Cash and cash equivalents	**1,577,821**	**454,802**	**1,440,863**	**284,233**

10. PROPERTY, PLANT AND EQUIPMENT

Group	2010			2009		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and Buildings	4,423,150	(630,414)	3,792,736	4,059,193	(284,984)	3,774,209
Infrastructure	22,201,119	(3,843,527)	18,357,592	18,548,919	(3,441,599)	15,107,320
Community	4,278,717	(363,681)	3,915,036	3,651,814	(175,704)	3,476,110
Other	5,211,472	(1,793,645)	3,417,827	3,632,610	(1,715,376)	1,917,234
Heritage	17,881	-	17,881	6,552	-	6,552
Housing Development Fund	138,405	(60,546)	77,859	129,860	(78,256)	51,604
Total	**36,270,744**	**(6,691,813)**	**29,578,931**	**30,028,948**	**(5,695,919)**	**24,333,029**

Municipality	2010			2009		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and Buildings	3,119,686	(431,613)	2,688,073	2,761,165	(112,476)	2,648,689
Infrastructure	22,201,119	(3,843,527)	18,357,592	18,548,919	(3,441,599)	15,107,320
Community	4,278,717	(363,681)	3,915,036	3,651,814	(175,704)	3,476,110
Other	5,031,175	(1,688,456)	3,342,719	3,439,959	(1,604,819)	1,835,140
Heritage	17,881	-	17,881	6,552	-	6,552
Housing Development Fund	138,405	(60,546)	77,859	129,860	(78,256)	51,604
Total	**34,786,983**	**(6,387,823)**	**28,399,160**	**28,538,269**	**(5,412,854)**	**23,125,415**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2010

	Opening Balance	Additions	Disposals	Transfers	Work-in-Progress	Depreciation	Impairment deficit	Total
Land and Buildings	3,774,209	65,797	(3,653)	53,184	18,750	(114,948)	(603)	3,792,736
Infrastructure	15,107,320	4,007,175	(44,340)	14,615	(246,852)	(454,316)	(26,010)	18,357,592
Community	3,476,110	3,241,348	(1,541)	(12,675)	(2,682,153)	(88,852)	(17,201)	3,915,036
Other	1,917,234	1,988,001	(9,435)	(16,757)	23,844	(481,878)	(3,182)	3,417,827
Heritage	6,552	262	-	-	11,067	-	-	17,881
Housing Development Fund	51,604	44,974	(7,383)	(93)	(8,752)	(2,491)	-	77,859
	24,333,029	**9,347,557**	**(66,352)**	**38,274**	**(2,884,096)**	**(1,142,485)**	**(46,996)**	**29,578,931**

Reconciliation of property, plant and equipment - Group - 2009

	Opening Balance	Additions	Disposals	Transfers	Work-in-progress	Depreciation	Total
Land and Buildings	3,765,858	438,240	1	(258,491)	(52,801)	(118,598)	3,774,209
Infrastructure	11,968,561	1,517,444	(10,388)	69,489	1,892,992	(330,778)	15,107,320
Community	2,318,817	93,453	(2)	(81)	1,086,362	(22,439)	3,476,110
Other	1,396,545	908,577	(17,955)	(9,839)	10,771	(370,865)	1,917,234
Heritage	6,883	-	-	(2)	(329)	-	6,552
Housing Development Fund	46,249	4,433	(2,382)	(2,700)	8,193	(2,189)	51,604
	19,502,913	**2,962,147**	**(30,726)**	**(201,624)**	**2,945,188**	**(844,869)**	**24,333,029**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Municipality - 2010

	Opening Balance	Additions	Disposals	Transfers	Work-in-progress	Depreciation	Impairment deficit	Total
Land and Buildings	2,648,689	45,121	(3,653)	53,184	18,970	(73,635)	(603)	2,688,073
Infrastructure	15,107,320	4,007,175	(44,340)	14,615	(246,852)	(454,316)	(26,010)	18,357,592
Community	3,476,110	3,241,348	(1,541)	(12,675)	(2,682,153)	(88,852)	(17,201)	3,915,036
Other	1,835,140	1,972,354	(9,376)	(16,757)	23,844	(459,812)	(2,674)	3,342,719
Heritage	6,552	262	-	-	11,067	-	-	17,881
Housing Development Fund	51,604	44,974	(7,383)	(93)	(8,752)	(2,491)	-	77,859
	23,125,415	**9,311,234**	**(66,293)**	**38,274**	**(2,883,876)**	**(1,079,106)**	**(46,488)**	**28,399,160**

Reconciliation of property, plant and equipment - Municipality - 2009

	Opening Balance	Additions	Disposals	Transfers	Work-in-progress	Depreciation	Total
Land and Buildings	2,581,326	435,181	-	(258,492)	(53,019)	(56,307)	2,648,689
Infrastructure	11,968,561	1,517,444	(10,388)	69,489	1,892,992	(330,778)	15,107,320
Community	2,318,817	93,454	(2)	(81)	1,086,362	(22,440)	3,476,110
Other	1,322,434	901,023	(17,321)	(8,229)	10,960	(373,727)	1,835,140
Heritage	6,883	-	-	(1)	(330)	-	6,552
Housing Development Fund	46,249	4,433	(2,382)	(2,700)	8,193	(2,189)	51,604
	18,244,270	**2,951,535**	**(30,093)**	**(200,014)**	**2,945,158**	**(785,441)**	**23,125,415**

Refer to Note 53 and Appendix A for detailed analysis of fixed assets.

11. INTANGIBLE ASSETS

Group	2010			2009		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Servitudes	47,634	-	47,634	42,985	-	42,985
Computer software	581,612	(302,758)	278,854	551,773	(241,186)	310,587
Total	**629,246**	**(302,758)**	**326,488**	**594,758**	**(241,186)**	**353,572**

Municipality	2010			2009		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Servitudes	47,634	-	47,634	42,985	-	42,985
Computer software	575,335	(298,131)	277,204	546,399	(237,432)	308,967
Total	**622,969**	**(298,131)**	**324,838**	**589,384**	**(237,432)**	**351,952**

Reconciliation of intangible assets - Group - 2010

	Opening Balance	Additions	Disposals	Transfers	Work-in-progress	Amortisation	Total
Servitudes	42,985	4,789	-	(140)	-	-	47,634
Computer software	310,587	55,173	(18)	108	7,327	(94,323)	278,854
	353,572	**59,962**	**(18)**	**(32)**	**7,327**	**(94,323)**	**326,488**

Reconciliation of intangible assets - Group - 2009

	Opening Balance	Additions	Transfers	Work-in-progress	Amortisation	Total
Servitudes	42,736	249	-	-	-	42,985
Computer software	284,239	93,484	3,729	7,793	(78,658)	310,587
	326,975	**93,733**	**3,729**	**7,793**	**(78,658)**	**353,572**

Reconciliation of intangible assets - Municipality - 2010

	Opening Balance	Additions	Disposals	Transfers	Work-in-progress	Amortisation	Total
Servitudes	42,985	4,789	-	(140)	-	-	47,634
Computer software	308,967	54,195	(17)	108	7,327	(93,376)	277,204
	351,952	**58,984**	**(17)**	**(32)**	**7,327**	**(93,376)**	**324,838**

Reconciliation of intangible assets - Municipality - 2009

	Opening Balance	Additions	Transfers	Revaluations	Amortisation	Total
Servitudes	42,736	249	-	-	-	42,985
Computer software	283,259	92,592	3,710	7,793	(78,387)	308,967
	325,995	**92,841**	**3,710**	**7,793**	**(78,387)**	**351,952**

Intangible assets disclosed relate to servitudes registered by the electricity department of the municipality. The balance of the servitudes are disclosed in Property, Plant and Equipment. It has been the municipality's policy to capitalise servitudes to projects which are currently disclosed as Infrastructure costs.

12. INVESTMENT PROPERTIES

Group	2010			2009		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Revenue Generating	175,892	(21,972)	153,920	146,157	(5,445)	140,712
Non-revenue Generating	277,044	-	277,044	301,641	-	301,641
Total	**452,936**	**(21,972)**	**430,964**	**447,798**	**(5,445)**	**442,353**

Municipality	2010			2009		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Revenue Generating	25,387	(6,146)	19,241	25,388	(5,606)	19,782
Non-revenue Generating	277,044	-	277,044	301,641	-	301,641
Total	**302,431**	**(6,146)**	**296,285**	**327,029**	**(5,606)**	**321,423**

Reconciliation of investment properties - Group - 2010

	Opening Balance	Additions	Disposals	Transfers	Depreciation	Total
Revenue Generating	140,712	16,103	(150)	-	(2,745)	153,920
Non-revenue Generating	301,641	15,514	(1,922)	(38,189)	-	277,044
	442,353	**31,617**	**(2,072)**	**(38,189)**	**(2,745)**	**430,964**

Reconciliation of investment properties - Group - 2009

	Opening Balance	Additions	Disposals	Transfers	Depreciation	Total
Revenue Generating	128,573	19,669	(4,673)	1,547	(4,404)	140,712
Non-revenue Generating	118,138	345	(2,640)	185,798	-	301,641
	246,711	**20,014**	**(7,313)**	**187,345**	**(4,404)**	**442,353**

Reconciliation of investment properties - Municipality - 2010

	Opening Balance	Additions	Disposals	Transfers	Depreciation	Total
Revenue Generating	19,782	-	(150)	-	(391)	19,241
Non-revenue Generating	301,641	15,514	(1,922)	(38,189)	-	277,044
	321,423	**15,514**	**(2,072)**	**(38,189)**	**(391)**	**296,285**

Reconciliation of investment properties - Municipality - 2009

	Opening Balance	Additions	Disposals	Transfers	Depreciation	Total
Revenue Generating	25,005	-	(4,673)	-	(550)	19,782
Non-revenue Generating	118,138	345	(2,640)	185,798	-	301,641
	143,143	**345**	**(7,313)**	**185,798**	**(550)**	**321,423**

12. Investment properties (continued)

Municipality

The fair value of the above properties is R1.3 billion (2009: R1.1 billion). Investment properties have been valued in accordance with current market conditions.

Group

Durban Marine Theme Park (Pty) Ltd: Investment property comprises the Village Walk retail shopping mall from which rental income is derived. The original cost of this property including land was approximately R69 million. The directors fair value thereof is R110 million based on a valuation method of net rental return capitalised at a fair market rate of return of 12%.

13. INVESTMENTS IN MUNICIPAL ENTITIES

Name of company	% holding 2010	% holding 2009	Carrying amount 2010	Carrying amount 2009
ICC Durban (Proprietary) Limited	100 %	100 %	1	1
Durban Marine Theme Park (Proprietary) Limited	99.8 %	99 %	860,996	840,996
			860,997	840,997
Impairment of investment in municipal entity			(136,498)	(133,608)
			724,499	707,389

At its meeting on 24th August 2010, and taking cognizance of the International Convention Centre operating at a break-even level, excluding depreciation,property rates and finance charges, the Council confirmed its commitment to ensuring the future financial viability of the International Convention Centre and the Durban Marine Theme Park and more specifically to meet any funding shortfalls that may compromise their ability to continue trading as a "going concern".

At 31st January 2010, 206 additional shares were acquired in Durban Marine Theme Park (Pty) Ltd.

In the prior year,on 23rd June 2009, 5 109 additional shares were acquired in Durban Marine Theme Park (Pty)Ltd.Refer to note 16 for further details.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2010	2009	2010	2009

13. Investments in municipal entities (continued)

As at 30th June 2010

	ICC Durban (Proprietary) Limited	Durban Marine Theme Park (Proprietary) Limited
Issued Share Capital (R'000)	1	9,260
Percentage owned by Council (%)	100	99
Indebtedness of Municipal Entities (R'000)- Non Interest Bearing	226,590	1,560
Loss on Impairment of Loans	(226,590)	(1,560)
Electricity Income Received (R'000)	6,255	11,773
Water Income Received (R'000)	574	3,851
Rates Income Received (R'000)	6,779	-

As at 30th June 2009

	ICC Durban (Proprietary) Limited	Durban Marine Theme Park (Proprietary) Limited
Issued Share Capital (R'000)	1	9,054
Percentage owned by Council (%)	100	99
Indebtedness of Municipal Entities (R'000)- Non Interest Bearing	226,590	1,759
Loss on Impairment of Loans	(226,590)	(1,759)
Electricity Income Received (R'000)	4,639	9,642
Water Income Received (R'000)	507	2,942
Rates Income Received (R'000)	5,343	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2010	2009	2010	2009
14. INVESTMENTS				
Listed Securities - Held to Maturity				
Eskom Stock-Held to maturity (November 2009)	-	3,793	-	3,793
Financial Instruments - Held to Maturity				
General Investments (Refer to note 35 for details)	27,044	20,679	27,044	20,679
Fixed and Negotiable Deposits	300,000	2,667,642	300,000	2,667,642
	327,044	**2,688,321**	**327,044**	**2,688,321**
Total Cash Investments	**327,044**	**2,692,114**	**327,044**	**2,692,114**
Non-current assets				
Financial Instruments	-	288,321	-	288,321
Current assets				
Listed Securities	-	3,793	-	3,793
Held to Maturity	327,044	2,400,000	327,044	2,400,000
	327,044	**2,403,793**	**327,044**	**2,403,793**
	327,044	**2,692,114**	**327,044**	**2,692,114**

Investments are non-derivative financial assets and are classified at fair value and are held to maturity.Investments will mature within two months,therefore cost equates fair value.In the prior year, fair value was based on the average return on total investments. The rate used was 12.09%. The Municipality does not hold its investments for trading purpose. Management determines the classification of its investments at the time of acquisition and re-evaluates such declaration on an annual basis.

The total amount of change in fair value, estimated using discounted cash flow analysis	-	34,858	-	34,858
Market valuation of listed investments				
Eskom Stock	-	6,110	-	6,110

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2010	2009	2010	2009

15. INVESTMENT IN JOINT VENTURE

Name of company	Unlisted	% holding 2010	% holding 2009	Carrying amount 2010	Carrying amount 2009
Effingham Development		66.74 %	66.74 %	137,089	156,851

This represents a 66.74% investment in Effingham Development (Joint Venture).

The Effingham Development Joint Venture is a joint venture entered into with Moreland Developments (Pty) Ltd. The joint venture was formed with the objective of developing and marketing the serviced sites of the Effingham / Avoca (Riverhorse Valley Business Estate) land and Phoenix South (Bridge City) land.

Summary of the municipality's interest in the joint venture

Assets		
Township Property	57,232	47,185
Current assets - Debtors	123,148	160,283
Current assets - Bank Balances and Cash on hand	14,311	10,783
TOTAL ASSETS	**194,691**	**218,251**
Equity and Liabilities		
Members Loan Accounts	137,089	156,851
Current liabilities - Creditors	57,602	61,400
TOTAL EQUITY AND LIABILITIES	**194,691**	**218,251**
Reconciliation of Investment in Joint Venture		
Balance at beginning of year	156,851	166,250
Share of Income for the year	5,238	19,601
Payment received	(25,000)	(29,000)
BALANCE AT END OF YEAR	**137,089**	**156,851**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2010	2009	2010	2009

16. LOANS TO MUNICIPAL ENTITIES

Durban Marine Theme Park (Proprietary) Limited		1,759	1,561	1,759
ICC Durban (Proprietary) Limited		226,590	226,590	226,590
Subtotal		228,349	228,151	228,349
Impairment of loans to municipal entities		(228,349)	(228,151)	(228,349)
			-	-

Loans to Municipal Entities are fully impaired as they are considered to be irrecoverable in the short-term.

In the prior year a further loan of R15.9m was granted to Durban Marine Theme Park (Pty) Ltd. On 23rd June 2009 R496m was converted into 5 109 ordinary shares in the municipal entity. This loan was previously impaired. The reversal of the loan impairment as at 30 June 2008 amounting to R480m was recognised as revenue in the 2009 financial year.

17. RECEIVABLES

Long-term receivables				
Loan:DIDT	136,237	150,784	136,237	150,784
Fair Value Adjustment	(22,706)	(37,413)	(22,706)	(37,413)
Housing Selling scheme loans	139,621	165,800	139,621	165,800
First Metro Housing Loans	18,067	23,547	18,067	23,547
Sewerage connection loans	-	6	-	6
Land sales	21,255	7,982	21,255	7,982
Education Loans	9,167	6,413	9,167	6,413
Sporting bodies	2,328	2,515	2,328	2,515
Car Loans	1	26	1	26
Housing Bonds	51	73	51	73
	304,021	**319,733**	**304,021**	**319,733**
Less: Current portion transferred to current receiveables				
Housing Selling scheme loans	4,451	5,343	4,451	5,343
First Metro Housing Loans	959	2,506	959	2,506
Sewerage connection loans	-	6	-	6
Land sales	21,255	7,982	21,255	7,982
Education Loans	98	68	98	68
Sporting bodies	465	500	465	500
Car Loans	1	26	1	26
Housing Bonds	25	30	25	30
	27,254	**16,461**	**27,254**	**16,461**
Non-current assets				
Long-term receivables	276,767	303,272	276,767	303,272
Current assets				
Long-term receivables	27,254	16,461	27,254	16,461

	Group		Municipality	
Figures in Rand thousand	2010	2009	2010	2009

Car loans

Senior staff are entitled to car loans which attract interest at 8.5% (2009: 8.5%) per annum and which are repayable over a maximum period of 1 year. These loans are repayable in the year 2010.

Sewerage connection loans

To encourage property owners to connect to the reticulation system, low interest rate loans are made to provide the necessary financial assistance. These loans attract interest at a rate of 11% - 14% per annum and are repayable over a maximum period of 1 year.

Sporting Bodies Loans

These loans attract interest of 11% - 14% (2009:11% - 14%) per annum and are repayable over 20 to 50 years.

Housing selling scheme loans

Housing loans are granted to qualifying individuals in terms of the provincial administration housing programme. These loans attract interest in terms of the State Directives and Guidelines and are repayable over 20 years. These loans will be repaid by the year 2011.

Housing First Metro loan

These loans attract interest at a fixed rate of 10% and are repayable over 20 years.

18. INVENTORIES

Unsold Properties held for resale	-	15,479	-	15,479
Food and Beverage	2,398	2,006	-	-
Consumable stores	216,727	198,369	215,984	197,335
Maintenance materials	136	206	136	206
Water	8,025	7,528	8,025	7,528
Merchandise	1,939	826	-	-
	229,225	**224,414**	**224,145**	**220,548**

The cost of inventories recognised as an expense during the period in respect of water sales was R1 077.5m (2009: R1 008.6m).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group 2010	Group 2009	Municipality 2010	Municipality 2009
19. CONSUMER DEBTORS				
Gross Balances				
Rates	2,504,936	2,125,553	2,504,936	2,125,553
Electricity	770,136	644,746	770,136	644,746
Water	983,506	1,037,556	984,806	1,040,110
Refuse	46,197	10,665	46,197	10,665
Regional services levies	11,071	24,738	11,071	24,738
Housing rental	58,399	89,781	58,399	89,781
Waste water	11,155	11,347	11,155	11,347
I.C.C. Debtors	5,101	6,499	-	-
Total	**4,390,501**	**3,950,885**	**4,386,700**	**3,946,940**
Less Provision for bad debts				
Rates	(1,124,622)	(923,057)	(1,124,622)	(923,057)
Electricity	(190,050)	(157,649)	(190,050)	(157,649)
Water	(534,798)	(587,056)	(534,798)	(587,056)
Refuse	(6,642)	-	(6,642)	-
Regional services levies	(11,071)	(24,738)	(11,071)	(24,738)
Housing rental	(27,057)	(61,469)	(27,057)	(61,469)
I.C.C. Debtors	(3,258)	(3,258)	-	-
Total	**(1,897,498)**	**(1,757,227)**	**(1,894,240)**	**(1,753,969)**
Net Balance				
Rates	1,380,314	1,202,496	1,380,314	1,202,496
Electricity	580,086	487,097	580,086	487,097
Water	448,708	450,500	450,008	453,054
Refuse	39,555	10,665	39,555	10,665
Housing rental	31,342	28,312	31,342	28,312
Waste water	11,155	11,347	11,155	11,347
I.C.C. Debtors	1,843	3,241	-	-
Total	**2,493,003**	**2,193,658**	**2,492,460**	**2,192,971**
Rates				
Current (0 -30 days)	633,790	475,097	633,790	475,097
31 - 60 days	62,368	60,485	62,368	60,485
61 - 90 days	46,561	54,278	46,561	54,278
91 - 120 days	40,608	44,460	40,608	44,460
121 - 365 days	1,018,867	892,668	1,018,867	892,668
> 365 days	702,742	598,565	702,742	598,565
Total	**2,504,936**	**2,125,553**	**2,504,936**	**2,125,553**
Electricity, Water, Solid Waste and Waste Water				
Current (0 -30 days)	683,175	561,024	683,175	563,578
31 - 60 days	140,199	89,097	140,199	89,097
61 - 90 days	47,623	30,938	47,623	30,938
91 - 120 days	67,054	55,272	67,054	55,272
> 120 days	874,243	967,983	874,243	967,983
Total	**1,812,294**	**1,704,314**	**1,812,294**	**1,706,868**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group 2010	Group 2009	Municipality 2010	Municipality 2009
Regional services levies				
> 365 days	11,071	24,738	11,071	24,738
Housing rental				
Current (0 -30 days)	2,089	2,384	2,089	2,384
31 - 90 days	1,034	2,202	1,034	2,202
91 - 120 days	28,219	23,466	28,219	23,466
> 120 days	27,057	61,729	27,057	61,729
Total	**58,399**	**89,781**	**58,399**	**89,781**
I.C.C. Debtors				
Current (0 -30 days)	1,155	1,466	-	-
31 - 60 days	438	901	-	-
61 - 90 days	189	299	-	-
91 - 120 days	341	897	-	-
>120 days	2,978	2,936	-	-
Total	**5,101**	**6,499**	**-**	**-**

20. DEBTORS

Other Debtors	1,244,744	1,185,330	1,118,780	1,026,030
Fair Value Adjustment	(431)	(1,283)	(431)	(1,283)
Provision for bad debts	(127,210)	(165,676)	(127,270)	(165,711)
Insurance debtor	128,492	96,564	128,492	96,564
Accruals	1,624,806	1,236,509	1,624,806	1,236,509
Prepayments made in advance	22,420	22,582	20,479	15,721
Recoverable fruitless and wasteful expenditure	-	50	-	-
	2,892,821	**2,374,076**	**2,764,856**	**2,207,830**

21. CALL INVESTMENT DEPOSITS

30 Day deposits	1,522,698	391,798	1,430,751	277,008

22. VAT

VAT reconciliation				
VAT receivable	379,417	298,031	378,284	297,783
VAT payable	(25,364)	(24,104)	-	-
Net Vat	**354,053**	**273,927**	**378,284**	**297,783**

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group 2010	Group 2009	Municipality 2010	Municipality 2009

23. PROPERTY RATES

Rates received

Residential	1,588,788	1,579,023	1,588,788	1,579,023
Agricultural	1,711	3,963	1,711	3,963
Agricultural - Prior Year adjustment	(3,274)	-	(3,274)	-
Vacant Land	597,965	448,159	597,965	448,159
Industrial	782,009	703,769	782,009	703,769
Business & Commercial	1,111,649	970,280	1,118,428	976,526
Public Service Infrastructure	7,261	12,178	7,261	12,178
Unauthorised / Illegal Development	555	-	555	-
Total Assessment Rates	**4,086,664**	**3,717,372**	**4,093,443**	**3,723,618**

Valuations

Residential	243,346,560	238,178,148	243,346,560	238,178,148
Agricultural	1,417,895	2,242,718	1,417,895	2,242,718
Vacant Land	22,069,993	22,372,230	22,069,993	22,372,230
Industrial	34,265,683	31,525,804	34,265,683	31,525,804
Business & Commercial	77,390,069	67,288,348	77,390,069	67,288,348
Public Service Infrastructure	8,846,659	7,547,558	8,846,659	7,547,558
Unauthorised / Illegal Development	36,305	5,220	36,305	5,220
Total Property Valuations	**387,373,164**	**369,160,026**	**387,373,164**	**369,160,026**

The following are the rate randages that were applied to the valuations in respect of the various categories: Residential - R 0.009 (2009: R 0.009); Agriculture - R 0.0024 (2009: R 0.0023); Vacant Land - R 0.0378 (2009: R 0.0357); Industrial - R 0.0258 (2009: R 0.023); Business and Commercial - R 0. 0201 (2009: R 0.0179); Public Service Infrastructure - R 0.0024 (2009: R 0.0023). The year-on-year increases in rate randages were minimal due to the previously rated refuse element becoming tariff-based with effect from 1 July 2009. All residential property owners are exempt from paying rates on the first R120 000 (2009: R120 000) of their property value. Pensioners, child-headed households, disability grantees and the medically boarded are exempt from paying rates on the first R400 000 (2009: R400 000) of their property value (inclusive of the R120 000 referred to earlier). No rates are levied on the first R30 000 (2009: R30 000) value of vacant land.

24. SERVICE CHARGES

Sale of electricity	5,601,052	4,445,450	5,619,105	4,459,743
Sale of water	1,715,108	1,534,251	1,719,533	1,537,699
Solid waste	342,925	149,653	342,925	149,653
Sewerage and sanitation charges	68,133	65,490	68,133	65,490
Other service charges	114,278	114,766	114,278	114,766
Total service charges	**7,841,496**	**6,309,610**	**7,863,974**	**6,327,351**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2010	2009	2010	2009

25. GRANTS AND SUBSIDIES

Equitable share	1,126,955	1,692,200	1,126,955	1,692,200
Municipal infrastructure grant	516,551	371,216	516,551	371,216
European Union	29,655	45,133	29,655	45,133
Provincial health subsidies	50,745	28,747	50,745	28,747
Department of Transport and Public Transport Infrastructure	539,758	502,477	539,758	502,477
Department of Economic Activities and various Industries	2,568	1,054	2,568	1,054
Vuna Awards	111	183	111	183
2010 KZN Provincial grant	700,419	583,530	700,419	583,530
Department of Minerals and Energy Affairs	1,800	4,200	1,800	4,200
Tsogo Sun	95,476	-	95,476	-
Other grants	83,534	97,602	83,502	83,176
Donations and Public Contributions	47,715	106	47,715	106
D Moss Land Sales	74	-	74	-
Neighbourhood Development Partnership	188,765	45,456	188,765	45,456
Disaster Fund	-	32,384	-	32,384
Department of Housing	343,229	451,315	343,229	451,315
Lamontville and R293 transfer Deeds	-	32	-	32
Danida	19,363	7,991	19,363	7,991
Grant Accreditation	95	8,135	95	8,135
Department of Local Government and Traditional Affairs	4,954	33	4,954	33
Provincial grants: Library Books	706	4,504	706	4,504
Metropolitan Transport Authority - Taxi ranks	1,881	5,678	1,881	5,678
A1 Grand Prix	644	1,000	644	1,000
Department of Provincial and Local Government	31	230	31	230
Total grants and subsidies	**3,755,029**	**3,883,206**	**3,754,997**	**3,868,780**

Equitable share

Balance unspent at beginning of year	3,048	5,554	3,048	5,554
Current-year receipts	1,126,996	1,653,244	1,126,996	1,653,244
Conditons met - transferred to revenue	(1,126,955)	(1,692,200)	(1,126,955)	(1,692,200)
Conditions still to be met - transferred to liabilities	**3,089**	**(33,402)**	**3,089**	**(33,402)**

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. Unspent portion will be used to provide infrastructure development and job creation in INK as an urban regeneration programme.

Municipal infrastructure grant

Balance unspent at beginning of year	191	445	191	445
Current-year receipts	508,950	370,962	508,950	370,962
Current-year accruals	21,740	-	21,740	-
Conditons met - transferred to revenue	(516,551)	(371,216)	(516,551)	(371,216)
Conditions still to be met - transferred to liabilities	**14,330**	**191**	**14,330**	**191**

This grant was used to construct roads and sewerage infrastructure.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group 2010	Group 2009	Municipality 2010	Municipality 2009
D Moss Land Sales				
Balance unspent at beginning of year	8,436	9,041	8,436	9,041
Prior year over accrual	-	(605)	-	(605)
Conditons met - transferred to revenue	(74)	-	(74)	-
Conditions still to be met - transferred to liabilities	**8,362**	**8,436**	**8,362**	**8,436**

The above relates to funding for the acquisition of D Moss land.

Disaster Fund				
Balance unspent at beginning of year	-	67	-	67
Current-year receipts	-	32,317	-	32,317
Conditons met - transferred to revenue	-	(32,384)	-	(32,384)
Conditions still to be met - transferred to liabilities	-	-	-	-

Funding received for the financing of storm damage.

Department of Economic Activities and various Industries				
Balance unspent at beginning of year	2,778	3,832	2,778	3,832
Current-year receipts	2,085	-	2,085	-
Conditons met - transferred to revenue	(2,568)	(1,054)	(2,568)	(1,054)
Conditions still to be met - transferred to liabilities	**2,295**	**2,778**	**2,295**	**2,778**

Funding was obtained from various sources and local industries for the implementation of the South Durban Basin Multi Point Plan. The expenditure is incurred over a multi year period based on the rollout of the projects per programme. Further funding will be expended based on the outcome of the Air Quality Management Plan which is currently underway.

Department of Transport and Public Transport Infrastructure				
Balance unspent at beginning of year	298,105	25,661	298,105	25,661
Current-year receipts	576,926	609,418	576,926	609,418
Conditons met - transferred to revenue	(539,758)	(502,477)	(539,758)	(502,477)
Conditions still to be met - transferred to liabilities	**335,273**	**132,602**	**335,273**	**132,602**

The funds received and utilised relate to funding for subsidy for traffic and pedestrian planning as well as the Tansnat (2009:Remant Alton) Bus Operating subsidy. Unutilised funds will be expended in the forthcoming year.

Neighbourhood Development Partnership				
Balance unspent at beginning of year	25,216	20,070	25,216	20,070
Current-year receipts	172,552	50,602	172,552	50,602
Conditons met - transferred to revenue	(188,765)	(45,456)	(188,765)	(45,456)
Conditions still to be met - transferred to liabilities	**9,003**	**25,216**	**9,003**	**25,216**

Focus of the grant is to stimulate and accelerate investment in poor underserviced residential neighbourhoods.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group 2010	Group 2009	Municipality 2010	Municipality 2009
European Union				
Balance unspent at beginning of year	42,136	87,269	42,136	87,269
Current-year receipts	1,338	-	1,338	-
Conditons met - transferred to revenue	(29,655)	(45,133)	(29,655)	(45,133)
Conditions still to be met - transferred to liabilities	**13,819**	**42,136**	**13,819**	**42,136**

The Municipality has an Area-based Management Programme that focuses on key areas of the Council and enhances service delivery and stimulates job and income generation to these basic areas. The European Union formed a partnership with the Council on condition that the funds provided are to be utilised only in these specific areas.

Other grants				
Balance unspent at beginning of year	19,472	12,882	19,472	12,882
Reversal of prior year (over) under provision	-	(161)	-	(161)
Current-year receipts	99,322	89,927	99,322	89,927
Current-year accruals	414	-	414	-
Conditons met - transferred to revenue	(83,534)	(83,176)	(83,502)	(83,176)
Conditions still to be met - transferred to liabilities	**35,674**	**19,472**	**35,706**	**19,472**

Other Grants and subsidies were utilised during the year to fund various Council projects. The prior year information has been restated to provide the users of the financial statements with more useful information. A major portion of the prior year other grants information has been reclassified as separate grants.

Department of Housing				
Balance unspent at beginning of year	51,271	50,907	51,271	50,907
Current-year receipts	305,254	451,679	305,254	451,679
Conditons met - transferred to revenue	(343,229)	(451,315)	(343,229)	(451,315)
Conditions still to be met - transferred to liabilities	**13,296**	**51,271**	**13,296**	**51,271**

Funding for the administration of Hostels in KwaZulu Natal.

Lamontville and R293 transfer Deeds				
Balance unspent at beginning of year	1,556	1,588	1,556	1,588
Conditons met - transferred to revenue	-	(32)	-	(32)
Conditions still to be met - transferred to liabilities	**1,556**	**1,556**	**1,556**	**1,556**

This grant was used to fund the maintenance of the Lamontville houses as well as the transfer of the R293 township houses to the beneficiaries.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2010	2009	2010	2009
Danida				
Balance unspent at beginning of year	1,973	384	1,973	384
Current-year receipts	17,621	9,580	17,621	9,580
Current-year accruals	600	-	600	-
Conditons met - transferred to revenue	(19,363)	(7,991)	(19,363)	(7,991)
Conditions still to be met - transferred to liabilities	**831**	**1,973**	**831**	**1,973**

These funds are used to enhance existing capacity in Urban Environmental Management. This programme prioritizes poverty reduction and building institutional capacity for enhanced local level delivery of environmentally sustainable services.

Grant Accreditation				
Balance unspent at beginning of year	410	545	410	545
Current-year receipts	-	8,000	-	8,000
Conditons met - transferred to revenue	(95)	(8,135)	(95)	(8,135)
Conditions still to be met - transferred to liabilities	**315**	**410**	**315**	**410**

These funds are for the administrative support provided for RDP houses.

Department of Local Government and Traditional Affairs				
Balance unspent at beginning of year	12,167	-	12,167	-
Current-year receipts	1,000	12,200	1,000	12,200
Conditons met - transferred to revenue	(4,954)	(33)	(4,954)	(33)
Conditions still to be met - transferred to liabilities	**8,213**	**12,167**	**8,213**	**12,167**

Funding provided for the implementation of projects identified through the KZN Corridor Development Programme and to unlock strategic economic development opportunities within the Northern Municipal Planning Region (NMPR) of the city.

Donations and Public Contributions				
Balance unspent at beginning of year	142,130	111,185	142,130	111,185
Current-year receipts	13,656	31,051	13,656	31,051
Transfer from Creditors (Incorrect classification in prior year)	12,039	-	12,039	-
Conditons met - transferred to revenue	(47,715)	(106)	(47,715)	(106)
Conditions still to be met - transferred to liabilities	**120,110**	**142,130**	**120,110**	**142,130**

The grants were received from various organisations to finance various developments. Included in the above is funding received from Tsogo Sun for the Suncoast precinct upgrade and the Inner City Distribution System. The above also includes a grant to fund the Bayhead Bridge Development Project which was funded by Council in the current year. The above funding will be used in the 2009/10 financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2010	2009	2010	2009

2010 KZN Provincial grant

Balance unspent at beginning of year	125,026	178,469	125,026	178,469
Current-year receipts	575,393	732,039	575,393	732,039
Conditons met - transferred to revenue	(700,419)	(583,530)	(700,419)	(583,530)
Conditions still to be met - transferred to liabilities	**-**	**326,978**	**-**	**326,978**

The grant was received for the building of the stadium and other constructions in preparation of 2010 bid . No funds were withheld.

Provincial grants: Library Books

Current-year receipts	706	4,504	706	4,504
Conditons met - transferred to revenue	(706)	(4,504)	(706)	(4,504)
Conditions still to be met - transferred to liabilities	**-**	**-**	**-**	**-**

This grant was utilised to fund the acquisition of library materials.

Metropolitan Transport Authority - Taxi ranks

Balance unspent at beginning of year	32	32	32	32
Current-year receipts	1,881	5,678	1,881	5,678
Conditons met - transferred to revenue	(1,881)	(5,678)	(1,881)	(5,678)
Conditions still to be met - transferred to liabilities	**32**	**32**	**32**	**32**

Funding from eThekwini Transport fund to contribute towards the upgrading of Taxi Ranks.

A1 Grand Prix

Balance unspent at beginning of year	644	2,230	644	2,230
Prior year over accrual	-	(586)	-	(586)
Conditons met - transferred to revenue	(644)	(1,000)	(644)	(1,000)
Conditions still to be met - transferred to liabilities	**-**	**644**	**-**	**644**

Funding received for the A1 Grand Prix related roadwork.

Department of Minerals and Energy Affairs

Current-year receipts	9,800	4,200	9,800	4,200
Conditons met - transferred to revenue	(1,800)	(4,200)	(1,800)	(4,200)
Conditions still to be met - transferred to liabilities	**8,000**	**-**	**8,000**	**-**

The grant was used to finance the gas-to-electricity capital project.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2010	2009	2010	2009
Department of Provincial and Local Government				
Balance unspent at beginning of year	2,281	2,511	2,281	2,511
Conditons met - transferred to revenue	(31)	(230)	(31)	(230)
Conditions still to be met - transferred to liabilities	**2,250**	**2,281**	**2,250**	**2,281**

Grant to be utilised for the Shembe Development Precinct (Rural ABM) and the acquisition of land for the Bridge City Project (INK).

Provincial health subsidies				
Inventory received	8,133	2,725	8,133	2,725
Current-year receipts	42,612	26,022	42,612	26,022
Conditons met - transferred to revenue	(50,745)	(28,747)	(50,745)	(28,747)
Conditions still to be met - transferred to liabilities	-	-	-	-

The Municipality renders health services on behalf of the Provincial Government. This grant has been used exclusively to fund clinic services (included in the public health vote in Appendix F). The conditions of the grant have been met. There was no delay or withholding of the subsidy.

Tsogo Sun				
Balance unspent at beginning of year	72,476	24,000	72,476	24,000
Current-year receipts	23,000	48,476	23,000	48,476
Conditons met - transferred to revenue	(95,476)	-	(95,476)	-
Conditions still to be met - transferred to liabilities	-	**72,476**	-	**72,476**

These funds were received from Tsogo Sun for the Suncoast Precinct upgrade and Inner-City distribution.

Expanded Public Works Programme Incentive				
Current-year receipts	43,243	-	43,243	-

Vuna Awards				
Balance unspent at beginning of year	3,056	3,239	3,056	3,239
Conditons met - transferred to revenue	(111)	(183)	(111)	(183)
Conditions still to be met - transferred to liabilities	**2,945**	**3,056**	**2,945**	**3,056**

The Vuna Awards is an initiative of the Department of Provincial and Local Government, together with its partners in the coordination of development in local government, the South African Local Government Association, Development Bank of Southern Africa and the National Productivity Institute. The Vuna awards, as the awards are called, reward the municipalities that provide communities excellent services and governance.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2010	2009	2010	2009

26. OTHER INCOME

Sundry Income	536,991	488,785	365,396	302,291
Fuel Levy	895,448	-	895,448	-
	1,432,439	**488,785**	**1,260,844**	**302,291**

In the prior year the Fuel levy Income was included as part of the Equitable Share grant and amounted to R417million (refer to note 25).

27. FAIR VALUE ADJUSTMENTS

Fair Value Adjustment - Creditors	81,407	(12,391)	81,407	(12,391)
Fair Value Adjustment - Debtors	(852)	887	(852)	887
Fair Value Adjustment - Long-term Receivables	(76,687)	15,424	(76,687)	15,424
Investments - Financial Instruments	(34,858)	(4,413)	(34,858)	(4,413)
	(30,990)	**(493)**	**(30,990)**	**(493)**

28. EMPLOYEE RELATED COSTS

Employee related costs-Salaries and Wages		2,988,632	2,572,973	2,908,792	2,506,046
Bonus		1,760	-	-	-
Medical aid and Pension Benefits	5	970,806	825,537	968,010	825,537
UIF		28,811	25,186	22,951	20,156
Leave pay provision contribution		204,444	126,810	204,151	126,476
Travel, motor car, accommodation, subsistence and other allowances		111,978	105,931	111,978	105,931
Overtime payments		354,179	283,849	351,614	281,906
Long-service awards		-	32	-	32
Housing benefits and allowances		24,293	35,339	24,293	35,339
Holiday Bonus		183,610	158,399	183,610	158,399
Other		20,581	30,174	20,581	30,174
Less: Employee costs capitalised to PPE		(255,462)	(989)	(255,462)	(989)
		4,633,632	**4,163,241**	**4,540,518**	**4,089,007**

There were no advances to employees. Loans to employees are set out in note 17.

Included in the employee related costs are the following:

Remuneration of the Municipal Manager

Annual Remuneration	1,416	1,253	1,416	1,253
Car Allowance	102	102	102	102
Market Allowance	382	382	382	382
Contributions to UIF, Medical Aid and Pension Funds	1	1	1	1
Total	**1,901**	**1,738**	**1,901**	**1,738**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group 2010	Group 2009	Municipality 2010	Municipality 2009
Remuneration of the Chief Finance Officer				
Annual Remuneration	1,009	875	1,009	875
Car Allowance	317	280	317	280
Market Allowance	242	242	242	242
Contributions to UIF, Medical Aid and Pension Funds	203	183	203	183
Total	**1,771**	**1,580**	**1,771**	**1,580**
Safety and Security				
Annual Remuneration	1,349	1,154	1,349	1,154
Contributions to UIF, Medical and Pension Funds	1	1	1	1
Total	**1,350**	**1,155**	**1,350**	**1,155**
Health and Social Services				
Annual Remuneration	684	953	684	953
Market Allowance	-	180	-	180
Contributions to UIF, Medical and Pension Funds	12	23	12	23
Car Allowance	70	70	70	70
Total	**766**	**1,226**	**766**	**1,226**

The above post was vacant for 5 months during the year.

Governance				
Annual Remuneration	1,009	875	1,009	875
Car Allowance	316	280	316	280
Market Allowance	121	121	121	121
Contributions to UIF, Medical Aid and Pension Funds	198	178	198	178
Total	**1,644**	**1,454**	**1,644**	**1,454**
Corporate and Human Resources				
Annual Remuneration	-	161	-	161
Car Allowance	-	28	-	28
Contributions to UIF, Medical Aid and Pension Funds	-	4	-	4
Total	**-**	**193**	**-**	**193**

The above post was vacant for the year (2009:vacant for 10 months)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2010	2009	2010	2009
Procurements and Infrastructure				
Annual Remuneration	1,365	1,068	1,365	1,068
Car Allowance	120	60	120	60
Market Allowance	210	210	210	210
Contributions to UIF, Medical Aid and Pension Funds	30	28	30	28
Total	**1,725**	**1,366**	**1,725**	**1,366**
Sustainable Development and City Enterprises				
Annual Remuneration	1,004	950	1,004	950
Car Allowance	180	180	180	180
Contributions to UIF, Medical and Pension Funds	28	26	28	26
Total	**1,212**	**1,156**	**1,212**	**1,156**
I.C.C.: Remuneration of the Chief Executive Officer				
Annual Remuneration	1,013	1,114	-	-
Car Allowance	50	61	-	-
Performance Bonuses	116	107	-	-
Contributions to UIF, Medical and Pension Funds	89	102	-	-
Total	**1,268**	**1,384**	**-**	**-**
I.C.C.: Remuneration of Executive Managers				
Annual Remuneration	3,449	3,264	-	-
Car Allowance	30	196	-	-
Performance Bonuses	102	114	-	-
Contributions to UIF, Medical and Pension Funds	340	395	-	-
Total	**3,921**	**3,969**	**-**	**-**
Durban Marine Theme Park				
Chairman Fees	25	24	-	-
Directors Fees	108	16	-	-
Accounting Officers Fees	180	123	-	-
Total	**313**	**163**	**-**	**-**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group 2010	Group 2009	Municipality 2010	Municipality 2009

29. REMUNERATION OF COUNCILLORS

Mayor	866	959	866	959
Deputy Mayor	708	885	708	885
Mayoral Commitee Members	3,465	3,010	3,465	3,010
Speaker	705	916	705	916
Councillors	62,506	58,661	62,506	58,661
Councillors' pension contribution	5,719	5,240	5,719	5,240
Total Councillors' Remuneration	**73,969**	**69,671**	**73,969**	**69,671**

In-kind Benefits:

The Mayor, Deputy Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

The Mayor has three full-time bodyguards . The Deputy Mayor and speaker have two full-time bodyguards.

30. FINANCE COSTS

Non-current borrowings	470,533	589,275	463,158	588,973
Consumer Deposits	8,781	4,167	8,781	4,167
Other interest paid	4,976	97,729	9,003	97,725
Total Finance costs	**484,290**	**691,171**	**480,942**	**690,865**

An amount of R230.7m(2009:R311.2m) relating to borrowing costs was capitalised to work-in-progress with 8.75%(2009:9.86%)being the weighted average cost of funds borrowed generally by the municipality.

31. BULK PURCHASES

Electricity	3,454,403	2,640,807	3,454,403	2,640,807
Water	1,077,541	1,008,529	1,077,541	1,008,529
Total Bulk Purchases	**4,531,944**	**3,649,336**	**4,531,944**	**3,649,336**

32. GRANTS AND SUBSIDIES PAID

Grant paid :Durban Arts Association	2,805	2,646	2,805	2,646
Grant paid: Enhanced Extended Discount Benefit	33,719	18,401	33,719	18,401
Grant paid: Sporting Organisations	33,216	19,591	33,216	29,486
Grant paid: Playhouse Company	2,809	2,633	2,809	2,633
Grant paid: Natal Philharmonic Orchestra	6,752	6,328	6,752	6,328
Grant paid: Tourism Indaba	10,289	6,878	10,289	6,878
Grant paid: Trade Point Durban	1,096	893	1,096	893
Grant paid: Food Aid Program	87	38	87	38
Grant paid: Other	48,715	25,951	59,204	25,951
Total Grants and Subsidies Paid	**139,488**	**83,359**	**149,977**	**93,254**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2010	2009	2010	2009

33. GENERAL EXPENSES

General Expenses	1,497,852	1,080,486	1,397,746	946,467
Stadium: Operator costs	44,229	813	44,229	813
2010 World Cup costs	70,891	-	70,891	-
Stadium: Hire of temporary seating	23,451	-	23,451	-
	1,636,423	**1,081,299**	**1,536,317**	**947,280**

34. CASH GENERATED FROM OPERATIONS

Surplus for the year	1,927,930	2,383,374	2,002,211	2,792,966
Adjustments for:				
Depreciation - property, plant and equipment	1,142,485	844,869	1,079,106	785,441
Amortisation of intangibles	94,323	78,658	93,376	78,387
Depreciation of investment properties	2,745	4,404	391	550
Surplus on sale of assets	(78,943)	(31,509)	(78,943)	(31,509)
Deficit on sale of assets	56,050	3,572	56,000	2,956
Contribution to bad debt provision	574,189	477,260	572,984	475,891
Reversal of loss on Impairment	-	-	(198)	(480,029)
Share of income from joint venture	-	-	(5,238)	(19,601)
Loss on Impairment of Investment in Municipal Entity	-	-	2,889	133,608
Interest earned - other	(303,606)	(720,379)	(289,846)	(689,426)
Finance Costs	484,290	691,171	480,942	690,865
Fair value adjustments	30,990	493	30,990	493
Loss on impairment	-	3,258	-	-
Servitudes write-off	-	9,497	-	9,497
Movements in retirement benefit assets and liabilities	257,098	215,432	257,098	215,432
Contributions to provisions - non current	82,310	39,618	82,310	39,618
Contributions to provisions - current	(535)	10,757	(706)	12,589
Impairment Loss: PPE	46,996	-	46,488	-
Changes in working capital:				
Inventories	(4,811)	(70,991)	(3,597)	(72,678)
Decrease/(increase) in other debtors	(517,893)	(550,834)	(547,441)	(784,312)
Decrease/(increase) in consumer debtors	(873,534)	(841,580)	(872,473)	(614,316)
Increase in Creditors	(35,841)	649,051	(26,498)	643,741
Increase in deposits	123,232	93,831	124,848	90,653
(Decrease)/Increase in VAT	(80,126)	(157,198)	(80,501)	(158,481)
Increase in Unspent conditional grants and receipts	(189,767)	258,064	(189,735)	272,491
Increase in Deferred Income	(2,933)	2,484	-	-
	2,734,649	**3,393,302**	**2,734,457**	**3,394,826**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group 2010	Group 2009	Municipality 2010	Municipality 2009
35. UTILISATION OF LONG-TERM LIABILITES RECONCILIATION				
Long-term liabilities	8,767,324	6,157,532	8,674,686	6,070,319
Used to finance property, plant and equipment – at cost	(8,767,324)	(6,157,532)	(8,674,686)	(6,070,319)
	-	-	-	-
Cash set aside for the repayment of long-term liabilities	27,044	20,679	27,044	20,679

Refer to note 14 for details.

36. COMMITMENTS

36.1 Commitments in respect of capital expenditure

Approved and contracted for				
• Infrastucture	561,299	1,637,631	561,299	1,637,631
• Community	39,965	325,150	39,965	325,150
• Land and buildings	7,096	161,022	7,096	161,022
• Other assets	30,384	20,444	30,384	20,444
Approved but not yet contracted for				
• Infrastucture	884,882	97,988	884,882	97,988
• Community	117,525	1,500	117,525	1,500
• Other	16,164	-	16,164	-
Land and Buildings	1,450	3,000	1,450	3,000
Total	**1,658,765**	**2,246,735**	**1,658,765**	**2,246,735**

Operating leases – as lessee (expenditure)

Minimum lease payments due				
- within one year	27,914	36,938	27,914	36,938
- in second to fifth year inclusive	83,744	122,831	83,744	122,831
- later than five years	33,184	43,965	33,184	43,965
	144,842	**203,734**	**144,842**	**203,734**

Durban Marine Theme Park (Pty) Ltd : The operating lease agreement expired on 31 May 2009.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2010	2009	2010	2009

36. Commitments (continued)

36.2 Operating leases – as lessor (income)

The future minimum lease payments receivable under operating leases are as follows:				
- within one year	19,103	16,970	-	-
- in second to fifth year inclusive	43,931	43,031	-	-
	63,034	**60,001**	**-**	**-**

Durban Marine Theme Park Pty (Ltd) : The operating leases relate to rental contracts derived from Ushaka Village Walk. The lease agreements were entered into on various dates and will be operational for varying periods, the last expiring on 31 March 2017. For the purposes of calculating the lease commitments, options to renew the leases on expiry have been ignored. The rental escalation percentage varies from lease to lease, the average being about 10%.

ICC Durban Pty (Ltd) : The operating leases relate to rental contracts derived from ICC Durban Pty (Ltd). The lease agreements were entered into on various dates and will be operational for varying periods. For the purposes of calculating the lease commitments, options to renew the leases on expiry have been ignored. The rental escalation percentage varies from lease to lease, the average being about 12%.

37. CONTINGENCIES

Various departments within the municipality have price disputes with certain contractors.

Self Insurance Reserve	47,676	18,643	47,676	18,643

Various claims submitted to the Insurance department of the municipality are under dispute. The estimated liability of such claims is disclosed.

Property Rates	52,314	53,900	52,314	53,900

During the implementation of the Municipal Property Rates Act (MPRA), ratepayers were given the opportunity to object to the property valuations used in the computation of their property rates charge. These objections were investigated and resolved. Ratepayers that were dissatisfied with the results of the response may lodge an appeal in terms of the MPRA. The appeals process will commence in the near future, once an appeals board has been established by Provincial Treasury to resolve appeals. The valuers from eValuations will be required to attend the appeals hearing in terms of Section 75(3) of the MPRA and their contract. If the ratepayers are successful in their appeal, the above rates revenue recognised for the year will have to be reversed.

Bank Guarantees	15,508	15,508	15,508	15,508

These guarantee's are issued in favour of the following:
- The Member(s), Jeena's Warehouse Close Corporation: R3.6m (Standard Bank) dated 11 November 1998;
- S.A. Post Office: R0.008m (Standard Bank) dated 11 December 1998;
- S.A. Post Office: R1.9m (Standard Bank) dated 11 August 2004;
- Durban Marine Theme Park: R10m (First National Bank) dated 29 January 2009.

Legal Claims	1,250	1,229	1,250	1,229

Various claims submitted to the legal department of the municipality are in the process of being resolved. The estimated liability of such claims, should the claimant be successful, is disclosed.

	Group		Municipality	
Figures in Rand thousand	2010	2009	2010	2009

38. RELATED PARTIES

Relationships

Municipal Entities	Durban Marine Theme Park (Proprietary) Limited I.C.C. Durban (Proprietary) Limited Refer to note 13 Ethekwini Transport Authority
Joint Venture	Riverhorse Valley Joint Venture Refer to note 15
Councillors / Official with significant influence	Durban Infrastructural Development Trust Trustees: G.M. Borman - Councillor R.D. Macpherson - Councillor V.G. Reddy - Councillor J. Balwanth - Council Official M. Tembe - Independent 3rd party P. Ngcobo - Independent 3rd party K. Ragunandan - Independent 3rd party
Councillors / Officials with significant influence	Metro Club Trust Fund Trustees: Z.R.T. Gumede - Councillor V.G. Reddy - Councillor B.N. Magwaza - Council Official S.O. Cele - Council Official

Related party balances

Loan accounts - Owing by related parties		
I.C.C. Durban (Proprietary) Limited	226,590	226,590
Durban Marine Theme Park (Proprietary) Limited	1,561	1,759
Loans fully impaired	(228,151)	(228,349)
Durban Infrastructural Development Trust	136,237	138,096
	136,237	**138,096**
Amounts included in Trade Receivable regarding related parties		
I.C.C. Durban (Proprietary) Limited	984	1,159
Durban Marine Theme Park (Proprietary) Limited	316	1,395
Metro Club Trust Fund	2,422	-
	3,722	**2,554**
Amounts included in Trade Payable regarding related parties		
I.C.C. Durban (Proprietary) Limited	1,375	1,448
Durban Marine Theme Park (Proprietary) Limited	337	1,555
Metro Club Trust Fund	-	912
Ethekwini Transport Authority	62,548	58,647
	64,260	**62,562**

Figures in Rand thousand

38. Related parties (continued)

Related party transactions

Sales to related parties		
I.C.C. Durban (Proprietary) Limited:		
Electricity	6,255	4,639
Water	574	507
Operating Lease Rentals - Centrum Parking	144	203
Rates	6,779	6,246
Durban Marine Theme Park (Proprietary) Limited		
Electricity	11,773	9,642
Water	3,851	2,942
Riverhorse Valley Joint Venture		
Electricity and Water	25	12
Income from Joint Venture	5,328	19,601
	34,729	**43,792**

Purchases from related parties		
I.C.C. Durban (Proprietary) Limited		
General Expenses	7,818	7,956
Durban Marine Theme Park (Proprietary) Limited		
General Expenses	2,295	6,101
Ethekwini Transport Authority	-	-
General Expenses	10,489	10,856
	20,602	**24,913**

39. PRIOR YEAR ADJUSTMENTS

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality and Municipal Entities:

Retirement Benefit Obligations:
During the year the municipality changed its method of disclosure by seperately disclosing the current portion of Retirement Benefit Obligations as a current liability.

Provision for Landfill Rehabilitation Provision:
During the year the municipality changed its policy in order to recognise the asset portion of the contribution to the Provision for Landfill Rehabilitation Sites (refer to note 4 for full details).

Re-classification of First Metro Housing Loans:
During the year the municipality changed its method of disclosure of First Metro Housing loans to Long-term receivables instead of other Debtors.

Recognition of Expenditure relating to Moses Mabhida Stadium:
During the year the municipality recognised operating expenditure in the prior year that had previously been erroneously recognised in the current year.

Property, Plant and Equipment, Intangible Assets and Investment Properties:
During the year the municipality and municipal entities changed their methods for depreciating Property, plant and equipment, Intangible assets and Investment Properties so as to comply more fully with GRAP 17 - Property, Plant and Equipment. The useful lives of assets were reviewed and resulted in changes to the useful lives of certain categories of assets. Depreciation is now effective from acquisition date.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2010	2009	2010	2009

39. PRIOR YEAR ADJUSTMENTS (continued)

The comparative statements for the 2009 year have been restated to recognise the amendments relating to all of the above. The effects of the changes are detailed below:

Property, Plant and Equipment				
Balance previously reported	-	23,089,649	-	21,871,045
Accumulated Depreciation Adjustment - Prior to 2008/09	-	1,023,587	-	1,036,005
Depreciation Adjustment - 2008/09	-	197,540	-	196,112
Recognition of Landfill Rehabilitation - prior to 2008/09	-	35,221	-	35,221
Recognition of Landfill Rehabilitation - 2008/09 adjustments	-	(12,968)	-	(12,968)
	-	**24,333,029**	-	**23,125,415**
Intangible Assets				
Balance previously reported	-	340,070	-	339,143
Accumulated Amortisation Adjustment - Prior to 2008/09	-	13,520	-	12,827
Amortisation Adjustment - 2008/09	-	(18)	-	(18)
	-	**353,572**	-	**351,952**
Investment Properties				
Balance previously reported	-	414,389	-	318,346
Accumulated Depreciation Adjustment - Prior to 2008/09	-	26,166	-	2,826
Depreciation Adjustment - 2008/09	-	1,798	-	251
	-	**442,353**	-	**321,423**
Long-term Receivables				
Balance previously reported	-	282,231	-	1,009,675
Transferred to Accumulated Surplus: I.C.C. Asset adjustment	-	-	-	(727,444)
Transfer of Metro Housing Loans from Other Debtors - 2008/09	-	23,547	-	23,547
Transfer of Metro Housing Loans current portion - 2008/09	-	(2,506)	-	(2,506)
	-	**303,272**	-	**303,272**
Current portion of Long-term Receivables				
Balance previously reported	-	13,955	-	13,955
Transfer of Metro Housing Loans current portion - 2008/09	-	2,506	-	2,506
	-	**16,461**	-	**16,461**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2010	2009	2010	2009
39. PRIOR YEAR ADJUSTMENTS (continued)				
Housing Development Fund				
Balance previously reported	-	489,569	-	489,569
Transfer from Accumulated Surplus	-	5,443	-	5,443
	-	**495,012**	**-**	**495,012**
Accumulated Surplus				
Balance previously reported	-	17,802,765	-	17,883,919
Accumulated Depreciation Adjustment: PPE - Prior to 2008/09	-	1,019,762	-	1,032,180
Depreciation Adjustment: PPE - 2008/09	-	201,275	-	199,937
Accumulated Amortisation Adjustment: Intangible assets - Prior to 2008/09	-	13,520	-	12,827
Amortisation Adjustment: Intangible assets - 2008/09	-	(18)	-	(18)
Accumulated Depreciation Adjustment: Investment properties - Prior to 2008/09	-	26,166	-	2,826
Depreciation Adjustment: Investment properties - 2008/09	-	1,798	-	251
Transfer to Housing Development Fund	-	(5,443)	-	(5,443)
Landfill Rehabilitation: Recognition of asset - prior to 2008/09	-	35,221	-	35,221
Landfill Rehabilitation: Reversal of over-statement - prior to 2008/09	-	10,777	-	10,777
Landfill Rehabilitation: Reversal of contribution - 2008/09	-	17,857	-	17,857
Landfill Rehabilitation: Depreciation - 2008/09	-	(3,825)	-	(3,825)
Landfill Rehabilitation: Interest charge - 2008/09	-	(5,381)	-	(5,381)
Moses Mabhida Stadium: General Expenses adjustment - 2008/09	-	(813)	-	(813)
Moses Mabhida Stadium: Contracted Services adjustment - 2008/09	-	(700)	-	(700)
Transfer from Long-term Receivables: I.C.C. Asset adjustment	-	-	-	(727,444)
Employee related costs - Municipal Entities	-	9,057	-	-
General Expenses - Municipal Entities	-	(4,442)	-	-
Repairs & Maintenance - Municipal Entities	-	(4,329)	-	-
Bad Debts - Municipal Entities	-	753	-	-
Finance Costs - Municipal Entities	-	195	-	-
Contracted Services - Municipal Entities	-	(523)	-	-
Municipal Entities: other adjustments prior to 2008/09	-	6,765	-	-
	-	**19,120,437**	**-**	**18,452,171**
Retirement Benefit Obligations: Non-current portion				
Balance previously reported	-	1,518,244	-	1,518,244
Transferred to current liabilities	-	(128,605)	-	(128,605)
	-	**1,389,639**	**-**	**1,389,639**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2010	2009	2010	2009

39. PRIOR YEAR ADJUSTMENTS (continued)

Retirement Benefit Obligations: Current portion				
Balance previously reported	-	-	-	-
Transfer from Non-current liabilities	-	128,605	-	128,605
	-	**128,605**	-	**128,605**
Current Provisions				
Balance previously reported	-	36,352	-	32,234
Durban Marine Theme Park (Pty) Ltd. adjustment	-	(1,622)	-	-
	-	**34,730**	-	**32,234**
Provisions: Non-current portion				
Balance previously reported	-	213,463	-	213,463
Landfill Rehabilitation: Reversal of over-statement - prior to 2008/09	-	(10,777)	-	(10,777)
Landfill Rehabilitation: Interest charge - 2008/09	-	5,381	-	5,381
Landfill Rehabilitation: Contribution - Capitalised Portion	-	800	-	800
Landfill Rehabilitation: Decrease in Contribution	-	(27,697)	-	(27,697)
Landfill Rehabilitation: Rehabilitation Costs	-	(104)	-	(104)
	-	**181,066**	-	**181,066**
Other Debtors				
Balance previously reported	-	2,397,623	-	2,231,377
Transfer of Metro Housing Loans to Long-term Receivables - 2008/09	-	(23,547)	-	(23,547)
	-	**2,374,076**	-	**2,207,830**
Creditors				
Balance previously reported	-	4,658,564	-	4,650,652
Moses Mabhida Stadium: Operating Expenses adjustment - 2008/09	-	1,514	-	1,514
Moses Mabhida Stadium: VAT adjustment - 2008/09	-	212	-	212
I.C.C. Durban (Pty) Ltd. adjustment	-	2	-	-
	-	**4,660,292**	-	**4,652,378**
VAT				
Balance previously reported	-	273,715	-	297,571
Moses Mabhida Stadium: VAT portion of Operating Expenses adjustment - 2008/09	-	212	-	212
	-	**273,927**	-	**297,783**
Long-term Liabilities				
Balance previously reported	-	5,870,955	-	5,779,547
Durban Marine Theme Park (Pty) Ltd. adjustment	-	(5,760)	-	-
	-	**5,865,195**	-	**5,779,547**

	Group		Municipality	
Figures in Rand thousand	2010	2009	2010	2009

40. POST REPORTING DATE EVENTS

Establishment of the Regional Electricity Distributors

A Cabinet decision was taken on the 25 October 2006 where approval was given to the proposal of creating six Regional Electricity Distributors which will be established as public entities under the auspices of the Electricity Distribution Industry (EDI) Holdings (Ltd). These entities will be accountable to the Ministry of Minerals and Energy. The latest information on the RED formation is that the proposed Constitution Seventeenth Amendment Bill is in the process of being passed through the various Government Departments for approval, including the National Council of Provinces, before it can be accepted by the President. The timespan for the establishment of the REDS is therefore uncertain at this stage and consequently, it appears unlikely that the REDS will have any financial impact on the Municipality in the short to medium term.

Durban Transport (Tansnat Durban)

Tansnat Durban, who was appointed by the Provincial Department of Transport to run the Durban Transport Bus Service to 30th September 2010, has had the contract extended on a month to month basis until the new contract is awarded. The extension has been made on the basis of the same terms and conditions as previously with the exception of the Rate per kilometre which has been adjusted upwards to cater for the increased cost of operations.

Appointment of new Bankers

The Municipality has appointed Standard Bank as its new bankers. This is effective from 01 October 2010 for a period of 5 years. Standard Bank will provide the Municipality with full transactional banking requirements and will also provide banking services to its Municipal Entities, being Durban Marine Theme Park (Pty) Ltd. and the I.C.C. Durban (Pty) Ltd. Dual bank accounts will be operated for a minimum period of six months to allow customers sufficient time to make the switch over from First National Bank.

41. TRAFFIC FINES

Traffic fines issued but not yet recovered at year end.	1,022,657	897,427	1,022,657	897,427

The recoverability of outstanding traffic fines is uncertain.

42. COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure's C(1) and C(2).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2010	2009	2010	2009

43. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

Cases reported during the 2009/10 year are included below:

Supplier double charges on VAT resulting in overpayment	1,035	-	1,035	-
Supplier overcharging of 10% administration fee	49	-	49	-
Supplier irregular invoicing resulting in overcharging	121	-	121	-
Payments without any invoice	17	-	17	-
Irregular awarding of refurbishing work and repairs to Metro Police Vehicles	43	-	43	-
The irregular expenditure relating to Housing was awarded to contractors / consultants in accordance with Council's delegated authority to the Head of Housing dated 11/11/1997, to enter into contracts for housing development in terms of National Housing Programs. This expenditure is deemed to be irregular as the expenditure was not reported to the Accounting Officer for disclosure purposes. In the procurement of these goods and services due care was taken to ensure that Council received value for money without compromising quality and with minimum risk to Council.	428,869	357,597	428,869	357,597
Parks, Recreation & Culture: Non-compliance with S.C.M. - splitting of orders	6,820	-	6,820	-
49 awards made to entities whose directors / members / principal shareholders / stakeholders were in the service of eThekwini municipality	6,831	-	6,831	-
123 awards made to 109 entities whose directors / members / principal shareholders / stakeholders were in the service of other State institutions	44,265	-	44,265	-
7 awards made to entities whose directors / members / principal shareholders / stakeholders were in the service of eThekwini municipality as Councillors	11,436	-	11,436	-
Consultant appointment non-compliance with SCM: variation order	10,813	-	10,813	-
Overpayment to contractor for supplies	-	1,402	-	1,402
Durban Marine Theme Park (Pty) Ltd. - Non-compliance with Supply Chain Management policy	3,156	1,361	-	-
I.C.C. Durban (Pty) Ltd. - Non-compliance with Supply Chain Management policy	19,121	17,727	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2010	2009	2010	2009

Investigations are still in progress regarding 10 other cases (2009: 15), the details of which are summarised as follows:

- 8 cases (2009: 13) relating to non-compliance with Supply Chain Management policy totalling R38.9million (2009: R45.5million).
- 2 cases (2009: 2) relating to contractual overpayments totalling R0.4million (2009: R1.6million).

Irregular expenditure

Reconciliation of irregular expenditure				
Opening balance	383,664	8,996	364,526	5,527
Irregular expenditure current year	532,576	378,087	510,299	358,999
Recoveries current year	(510)	-	(510)	-
Durban Marine Theme Park (Pty) Ltd. - Recovery from Insurers	-	(810)	-	-
Write-off	-	(997)	-	-
I.C.C. Durban (Pty) Ltd. - Recovery /Written Off	(50)	(1,612)	-	-
Irregular expenditure awaiting condonement	**915,680**	**383,664**	**874,315**	**364,526**

44. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

Contributions to organized local government				
Council subscriptions	6,000	5,779	6,000	5,779
Amount paid - current year	(6,000)	(5,779)	(6,000)	(5,779)
Balance unpaid (included in creditors)	-	-	-	-

Audit fees				
Current year audit fee	2,695	3,166	1,690	1,972
Previous years audit fee	9,432	9,854	8,976	9,854
Amount paid - current year	(2,695)	(3,166)	(1,690)	(1,972)
Amount paid - previous years	(9,432)	(9,854)	(8,976)	(9,854)
Balance unpaid (included in creditors)	-	-	-	-

VAT				
VAT received(paid) for the year	642,456	570,714	649,910	570,714

PAYE and UIF				
Opening balance	292	278	-	-
Current year payroll deductions	568,306	489,458	563,332	480,586
Amount paid - current year	(568,306)	(489,166)	(563,332)	(480,586)
Amount paid - previous years	(292)	(278)	-	-
Balance unpaid (included in creditors)	-	**292**	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Group		Municipality	
Figures in Rand thousand	2010	2009	2010	2009
Pension and Medical Aid Deductions				
Opening balance	479	435	-	-
Current year payroll deductions and Council Contributions	1,004,990	851,256	1,002,383	841,280
Amount paid - current year	(1,004,990)	(851,256)	(1,002,383)	(841,280)
Amount paid - previous years	(479)	(435)	-	-
Balance unpaid (included in creditors)	-	-	-	-

Councillors arrears

The following Councillors had arrear accounts outstanding for more than 90 days at any point of the respective financial years:

30 June 2010	**Amount Outstanding Rands**			
Councillor Mabaso M	1,554			
Councillor Majola	1,936			
Councillor Ngwane B	420			
Councillor Hoosman N	17,149			
Councillor Shabalala A	2,774			
Councillor Gangile T	364			
Councillor Zwane P	272			
Councillor Cele G	5,605			
Councillor Bhengu M	3,323			
Councillor Magubane Z.E. (amount in dispute)	52,764	-	-	-
Councillor Magwaza T.D. (amount in dispute)	8,815	-	-	-
	94,976			

30 June 2009	**Amount Outstanding Rands**
Councillor Naidoo P.	1,691
Councillor Ndlovu	9,154
Councillor Zwane P.S.	450
Councillor Mngwengwe B.V.	4,842
Councillor Shabalala A.N.	2,522
Councillor Mpungose N.E.	1,891
	20,550

45. COMPARATIVE FIGURES

Certain comparative figures have been restated (refer note 39 for details).

46. TAXATION

No provision has been made for the taxation of municipal entities as they have an assessed loss of R434 077 000 (2009: R398 730 000), which is available for set-off against future taxable income. No deferred tax asset has been raised.

47. LEASES (INCOME) - LESSOR

Rental income recognised from operating leases have not been accounted for on the straight-line basis over the lease terms for the following reasons:

Approximately 50% of lease income is short term ie. the lease is terminable at 1 to 3 months notice;
Approximately 45% of long term lease income is based on turnover ie. subjective and not fixed.

Lease income is recognised as it accrues. The straight-lining of lease income is considered not to provide a fair reflection of income from leases.

48. DISCLOSURE IN TERMS OF SUPPLY CHAIN MANAGEMENT POLICY

During the year there were contract awards of more than R2 000 to various people who are spouse's, children or parents of people in the service of the municipality amounting to R85.7million (2009:R98.67 million) and one award of R4.1million to a company of which a close family member of a councillor is a director.

During the year there were contract awards of more than R2 000 to various people who are spouse's, children or parents of people in the service of Durban Marine Theme Park (Pty) Ltd. amounting to R1,038 million.

Contract awards in terms of Section 36 (Deviation from, and ratification of minor breaches of, procurement processes) of the Supply Chain Management Policy amounted to:
Municipality: R1.03billion (2009:R680.7million).
Durban Marine Theme Park (Pty) Ltd.: R12.4million.
I.C.C. Durban (Pty) Ltd.: R6.5 million (2009: R3.5 million).

49. FINANCIAL INSTRUMENTS

Exposure to interest rate, credit risk and liquidity risks arise in the normal course of the municipality's operations.

Financial Risk Management

The Municipality has exposure to the following risks from its use of Financial Instruments:
- Liquidity risk
- Interest rate risk
- Credit risk

This note presents information about the Municipality's exposure to each of the above risks and the Municipality's objectives, policies and processes for measuring and managing risks.

Further quantitative disclosures are included throughout these financial statements.

The Accounting Officer has overall responsibility for the establishment and oversight of the Municipality's risk management framework. The Municipality's risk management policies are established to identify and analyse the risks faced by the Municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes to market conditions and the Municipality's activities.

As part of managing the municipality's liquidity risk Promissory notes have been issued to facilitate the timeous repayment of the borrowings. No further terms and conditions are attached to these promissory notes other than the normal repayment terms and conditions of the loan repayment.

49. FINANCIAL INSTRUMENTS (continued)

The Municipality, through its training and management standards and procedures, aims to develop a disciplined and constructive environment in which all employees understand their roles and obligations.

Categories of Financial Instruments - Group:

	2010	2009
Financial Assets:		
Investments and Receivables		
Investments	327,044	2,692,114
Cash and cash equivalents	1,577,821	454,802
Long-term receivables	304,021	319,733
Consumer Debtors	2,493,003	2,193,658
Debtors	2,892,821	2,374,076
Financial Liabilities:		
Liabilities and Creditors		
Long-term liabilities	8,767,324	6,157,532
Creditors	4,643,458	4,660,292

Fair values versus carrying amounts:

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

	2010 Carrying amount	2010 Fair value	2009 Carrying amount	2009 Fair value
Investments	327,044	327,044	2,726,972	2,692,114
Long-term receivables	326,727	304,021	357,146	319,733
Consumer Debtors	2,493,003	2,493,003	2,193,658	2,193,658
Debtors	2,893,252	2,892,821	2,375,359	2,374,076
Long-term Liabilities	8,767,324	8,767,324	6,157,532	6,157,532
Creditors	4,655,729	4,643,458	4,753,970	4,660,292

49. FINANCIAL INSTRUMENTS (continued)
Categories of Financial Instruments - Municipality:

	2010	2009
Financial Assets:		
Investments and Receivables		
Investments	327,044	2,692,114
Cash and cash equivalents	1,440,863	284,233
Long-term receivables	304,021	319,733
Consumer Debtors	2,492,460	2,192,971
Debtors	2,764,856	2,207,830
Financial Liabilities:		
Liabilities and Creditors		
Long-term liabilities	8,674,686	6,070,319
Creditors	4,644,890	4,652,378

Fair values versus carrying amounts:

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

	2010 Carrying amount	2010 Fair value	2009 Carrying amount	2009 Fair value
Investments	327,044	327,044	2,726,972	2,692,114
Long-term receivables	326,727	304,021	357,146	319,733
Consumer Debtors	2,492,460	2,492,460	2,192,971	2,192,971
Debtors	2,900,860	2,773,590	2,209,113	2,207,830
Long-term Liabilities	8,674,686	8,674,686	6,070,319	6,070,319
Creditors	4,657,161	4,644,890	4,746,056	4,652,378

Basis for determining fair value:

The following summarises the significant methods and assumptions used in estimating the fair values of the Financial Instruments reflected in the tables above:

Debtors and Creditors:

The fair value of Debtors and Creditors is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Investments:

In the prior year the fair value of investments was estimated as the present value of future cash flows, discounted at the internal rate of return at the reporting date 2009 - 12.09%.

49. FINANCIAL INSTRUMENTS (continued)
Liquidity risk

Liquidity risk is the risk that the municipality will encounter in raising funds to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored. The following are details of the contractual maturities of financial liabilities:

First National Bank:
Ethekwini Municipality - Contingent Facility: R40 000 000;
Ethekwini Municipality - Settlement: R150 000 000;
Standard Bank:
Ethekwini Municipality - Trading: R70 000 000;
Ethekwini Municipality - Letter of Credit: R1 500 000;
Ethekwini Municipality - Performance guarantee: R6 000 000;
I.C.C. Durban - Credit card: R228 000;
I.C.C. Durban - Performance guarantee: R550 000.
The total of these facilities amount to R268 278 000.

GROUP:	Carrying amount	Contractual cash flows	12 months or less	More than 12 months
30 June 2010				
Long-term Liabilities	8,767,324	8,767,324	524,974	8,242,350
Creditors	4,655,729	4,655,729	4,603,644	52,085
30 June 2009				
Long-term Liabilities	6,157,532	6,157,532	292,337	5,865,195
Creditors	4,753,970	4,753,970	4,753,970	-

MUNICIPALITY:	Carrying amount	Contractual cash flows	12 months or less	More than 12 months
30 June 2010				
Long-term Liabilities	8,674,686	8,674,686	524,300	8,150,386
Creditors	4,657,159	4,657,159	4,605,074	52,085
30 June 2009				
Long-term Liabilities	6,070,319	6,070,319	290,772	5,779,547
Creditors	4,746,056	4,746,056	4,697,568	48,488

Interest rate risk

The municipality's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on surplus (deficit). All long-term debt is at fixed rates.

The municipality's income and operating cash are substantially independent of changes in market rates. The municipality has no significant interest bearing assets.

49. FINANCIAL INSTRUMENTS (continued)
Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Trade receivables comprise a widespread customer base. The Municipality has no control over the approval of new customers who acquire properties in the designated metro area and consequently incur rates, water and electricity debts.
The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:
- through the application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property.
- a new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount.
- through the consolidation of rates and service accounts, thereby disconnecting services for the non-payment of any of the individual debts, in terms of section 102 of the MSA.

Long term Receivables and Other Debtors are individually evaluated annually at balance sheet date for impairment or discounting.

The maximum credit and interest risk exposure in respect of the relevant financial instrument is as follows:

Financial instrument	Group - 2010	Group - 2009	Municipality - 2010	Municipality - 2009
Consumer Debtors	2,493,003	2,193,658	2,492,460	2,192,971
Other Debtors	2,892,821	2,374,076	2,773,590	2,207,803
Cash and Cash Equivalents	1,577,821	454,802	1,440,863	284,233

The ageing of trade receivables at the reporting date was as follows:

Consumer Debtors:				
Gross				
0 - 30 days	1,320,209	1,039,971	1,319,054	1,041,059
31 - 120 days	434,581	362,295	433,666	360,198
More than 120 days	2,635,711	2,548,619	2,633,980	2,545,683
Less: Provision for Bad Debts	(1,897,498)	(1,757,227)	(1,894,240)	(1,753,969)
Net Consumer Debtors	**2,493,003**	**2,193,658**	**2,492,460**	**2,192,971**

Movement in the provision for Bad Debts:				
Balance at beginning of year	1,753,969	1,588,432	1,919,680	1,642,202
Contribution	574,189	477,260	572,984	475,891
Bad debts written off	(430,660)	(311,723)	(471,154)	(198,413)
Balance at year end	**1,897,498**	**1,753,969**	**2,021,510**	**1,919,680**

50. MATERIAL LOSSES

Water:
Significant water losses of 124,847,528 kl (2009: 129,086,351kl) occurred during the year under review, which resulted in material revenue losses to the municipality. The estimated water losses amounting to R406.2m(2009:R394.2m) were due mainly to deterioration in the water reticulation system and water theft. The acceptable norm in developing countries is a water loss of 20%. The loss above the norm amounts to R189.6m (2009: R191.5m). Since the 2007 financial year the municipality has embarked on an AC-Mains replacement programme to replace ageing infrastructure, to reduce water loss. This programme is due to be finalised during the 2011 financial year.

Electricity:
Significant electricity losses of 567,719,675kWh (2009:612,235,354 kWh) occurred during the year under review which resulted in material revenue losses to the municipality. These estimated electricity losses amounted to R160.4m(2009:R122.9m). The norm for electricity losses is 3% which is as a result of transmission losses. The loss incurred by the municipality is 5.2% (2009: 5.3%) and is therefore due to a combination of transmission losses and losses due to illegal connections.

Bad Debts written off:
Debt of R456m was written off during the year. 80% of the debt written off was prescribed debt. Prescribed debt is debt that cannot be legally recovered. The Municipality took steps to write-off this debt which is considered irrecoverable so that efforts can be focused on debt that can still be recovered. This debt was written off in terms of Prescription Act which forbids the Municipality to recover prescribed debt as advised by our legal advisor.

Durban Marine Theme Park (Pty) Ltd. :
Debts totalling R1.2million were impaired in the current year as they were no longer recoverable.

51. BANK BALANCES

Account number - Bank - Account Description	Cash Book Balance 30June 2010	Bank Statement balance 30June 2010	Cash Book Balance 30June 2009	Bank Statement balance 30June 2009
62085728106 - FNB - Main Expenditure	57,547	(361,867)	52,424	(302,016)
62085728263 - FNB - Main Expenditure EFT	33	(758,878)	4	(822,694)
62085720722 - FNB - Direct Deposits Account	10,179	290,851	7,433	256,146
62085725855 - FNB - Electronic Deposits Account	26,384	1,343,203	14,086	266,237
62085729948 - FNB - Cashiers Deposit Account	(8,892)	156,139	(6,002)	281,712
62085730119 - FNB - Government Deposit Account	25,190	595,304	54,512	316,145
62085721952 - FNB - Electricity Income Account	1,899	9,984	1,086	4,853
62085721481 - FNB - Electricity Prepaid Vendor Deposits	10,267	54,525	5,624	40,222
62085729071 - FNB - SARS E-Filing Account	-	-	56,553	16,592
62085725996 - FNB - Dishonoured Cheques Account	(1,103)	(2,196)	(520)	(2,192)
050073117 - Standard Bank - Main Expenditure Bank	262	262	336	336
62116972599 - FNB - Housing Operating Account	-	-	-	-
62085721275 - FNB - Mayors Relief Account	-	-	-	-
62085721332 - FNB - Direct Debit Collections Account	-	54,431	-	46,035
62085721762 - FNB - Transwitch Account	81	99,390	80	99,761
62085722546 - FNB - Agents Deposit Account	21,804	84,484	8,156	59,124
62085722877 - FNB - Metro Police Deposit Account	-	3,882	-	3,611
62085729790 - FNB - Metro Police Transwitch Deposit Account	-	1,016	-	1,016
62085723495 - FNB - Parks, Recreation and Culture Deposit Acc.	211	(1,106)	181	1,354
62085723776 - FNB - City Engineers Account	398	3,187	77	3,064
62085724992 - FNB - Business Levies Income Deposit Account	105	151	206	308
62085725152 - FNB - Business Levies Direct Deposit Account	-	-	-	-
62085729534 - FNB - Virginia Airport Account	1	434	1	421
62116972755 - FNB - Department of Housing Account	825	8,521	-	17,275
62085728908 - FNB - Sundry PAYE Account	472	472	563	563
62085729245 - FNB - Cash Payments Account	91	(752)	167	(1,089)
62088851764 - FNB - Refunds Expenditure Account	4,543	218	5,774	927
62085724542 - FNB - Water and Sanitation Services Expenditure Acc.	365	(928)	1,829	(2,291)
62085724732 - FNB - Water and Sanitation Services EFT Account	3	(306,256)	-	(399,315)
62085722348 - FNB - Electricity Expenditure Account	(7,255)	(7,256)	(626,607)	(5,744)
62085722463 - FNB - Electricity EFT Account	(362,593)	(362,593)	-	(609,109)
62085738750 - FNB - Salaries Account	-	(201,285)	-	(183,679)
62085727661 - FNB - Durban Fresh Produce Market Account	10,594	10,508	10,488	10,401
62151500496 - FNB - CIFAL Durban Account	1,336	1,336	1,192	1,192
62085727116 - FNB - General Bank Account	115,986	(662,710)	162,942	902,005
62085729378 - FNB - Bank Charges Account	-	(1,285)	-	(1,168)
62246569191 - FNB - 2010 Host City Operating Account	26,000	26,000	-	-

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

62121186705 - FNB - 2010 Soccer Grant Account	65,286	8,567	249,337	76,927
Totals:ETHEKWINI MUNICIPALITY				
Bank balances	379,862	2,752,595	633,051	2,406,227
Bank overdraft	(379,843)	(2,667,112)	(633,129)	(2,329,297)
Durban Marine Theme Park (Proprietary) Limited:				
50003801489 - Investec Bank - Business Account	13,082	13,082	-	-
50003530849 - Investec Bank - Account	3,031	3,031	-	-
100027X021905914 - RMB - Account	8,000	8,000	-	-
62205707732 - FNB Durban - Current Account	1,568	1,568	37,434	37,434
62205752282 - FNB Durban - Retail Bank Account	360	360	129	129
62205757068 - FNB Durban - Schools Bank Account	-	-	5	5
62205737309 - FNB Durban - Overdraft Bank Account	-	-	1	1
I.C.C. Durban (Proprietary) Limited:				
50226959 - Standard Bank	1,266	-	3,761	3,154
332845 - Standard Bank	-	-	1,007	1,007
50881201632 - FNB	1,608	-	(75)	481
50018949 - Standard Bank	616	-	1,642	1,636
62205575387 - FNB	323	-	306	306
Effingham Development Joint Venture:				
Bank Balances	14,311	-	10,783	-
Totals: MUNICIPAL ENTITIES				
Bank balances	44,165	26,041	55,068	44,153
Bank overdraft	-	-	(75)	-
Totals: GROUP				
Bank balances	424,027	2,778,636	688,119	2,450,380
Bank overdraft	(379,843)	(2,667,112)	(633,204)	(2,329,297)

52: EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

Description	Loan Number	Interest Rate	Date Repayable	Balance at 30/06/09	Received during the year	Redeemed / (Interest Capitalised) during this period	Balance at 30/06/10
		%		R'000	R'000	R'000	R'000
DURBAN MARINE THEME PARK:							
LONG TERM LOANS							
Debenture Stock		13		80,833	0	6,873	87,706
Total Stock Loans				**80,833**	**0**	**6,873**	**87,706**
DBSA - Village Walk		8.5		5,578	0	-646	4,932
Total Annuity Loans				**5,578**	**0**	**-646**	**4,932**
Premium Finance Solutions		6.5		800	0	-800	0
Total Non Annuity Loans				**800**	**0**	**-800**	**0**
TOTAL EXTERNAL LOANS (DURBAN MARINE THEME PARK)				**87,211**	**0**	**5,427**	**92,638**
TOTAL EXTERNAL LOANS: ETHEKWINI MUNICIPALITY				**6,070,319**	**2,900,000**	**-295,633**	**8,674,686**
GROUP TOTAL:				**6,157,530**	**2,900,000**	**-290,206**	**8,767,324**

52: EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2010

Description	Loan Number	Interest Rate	Date Repayable	Balance at 30/06/08	Received during the year	(Redeemed) / Interest Capitalised during this period	Balance at 30/06/10
		%		R'000	R'000	R'000	R'000
LONG TERM LOANS							
Stock Loan	K34	14.6	30/06/2013	200	0	0	200
Total Stock Loans				**200**	**0**	**0**	**200**
FRB PN	1/58	Variable	30/06/2016	213,810	0	(10,738)	203,072
INCA INDWA	1/66	9.52	30/06/2020	425,796	0	(23,310)	402,486
Nedbank Ltd	1/67	8.47	31/03/2021	805,457	0	(40,856)	764,601
DBSA Ph 1	P1	13.5	30/09/2017	516,395	0	(35,065)	481,330
DBSA Ph 2	P2	Variable	31/03/2016	252,054	0	(32,331)	219,723
DBSA Ph 3	P3	12.9	30/09/2017	347,240	0	(22,253)	324,987
DBSA Ph 4	P4	10.4	30/06/2019	460,688	0	(28,020)	432,668
DBSA Ph 5	P5	8.9	30/06/2020	266,066	0	(14,071)	251,995
DBSA Ph 6	P5	8.75	30/06/2022	742,914	0	(32,529)	710,385
DBSA Ph 7	P7	8.3	02/01/2028	1,957,959	900,000	(77,619)	2,780,340
Nedbank Ltd 7 yrs	1/70	10.09	28/02/2017		500,000	16,724	516,724
Nedbank Ltd 5 yrs	1/71	9.21	30/04/2015		500,000	7,696	507,696
RMB	1/72	10.28	30/06/2025		1,000,000	0	1,000,000
AFD Calyon	1/68	9.52	31/12/2018	58,740	0	(3,261)	55,479
Total Annuity Loans				**6,047,119**	**2,900,000**	**(295,633)**	**8,651,486**
ABSA	1/64	Variable	31/10/2010	23,000	0	0	23,000
Total Non Annuity Loans				**23,000**	**0**	**0**	**23,000**
TOTAL EXTERNAL LOANS				**6,070,319**	**2,900,000**	**(295,633)**	**8,674,686**

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53.ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010 (GROUP)

	Cost / Revaluation							Accumulated Depreciations									
	Opening Balance	Opening Under Construction	Additions	Under Construction	Disposals	Transfers	Closing Balance	Opening Balance	Prior Year Adjustments	Additions	Disposals	Impairments	Adjustments	Transfers	Closing Balance	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R		R	R	R	R	R	R	R
Land and Buildings																
Land	301,116	181	18,225	0	-3,829	38,189	353,882	0	0	0	0	0	0	0	0	353,882
Buildings	3,795,615	90,692	92,760	9,998	-45,088	262,350	4,206,327	758,056	-395,491	117,166	-37,881	603	0	247,448	689,901	3,516,426
	4,096,731	**90,873**	**110,985**	**9,998**	**-48,917**	**300,539**	**4,560,209**	**758,056**	**-395,491**	**117,166**	**-37,881**	**603**	**0**	**247,448**	**689,901**	**3,870,308**
Infrastructure																
Roads	4,252,269	1,058,599	1,463,780	-542,692	0	0	6,231,956	962,727	-145,408	140,443	0	5,440	0	0	963,202	5,268,754
Traffic Equipment & Ranks	443,200	92,940	0	25,684	0	0	561,824	126,099	-20,872	20,751	0	0	0	0	125,978	435,846
Stormwater Drainage	761,775	323,944	271,502	-233,855	0	0	1,123,366	98,743	6,220	15,862	0	0	0	0	120,825	1,002,541
Sewerage Pumps	34,842	10,515	0	12,976	-157	0	58,176	7,182	71	591	-85	0	0	0	7,759	50,417
Sewerage Mains & Reticulation	1,951,482	541,469	182,294	203,371	-870	0	2,877,746	331,233	3,453	63,065	-550	0	0	0	397,201	2,480,545
Purification Works	95	118,301	0	-6,688	0	0	111,708	57	2	19	0	0	0	0	78	111,630
Refuse Sites & Transfer Station	425,642	38,419	77,674	-35,025	-7,397	0	499,313	202,014	238	32,404	0	0	0	0	234,656	264,657
Water Mains & Reticulation	1,844,832	1,807,464	1,478,019	149,132	-15,276	0	5,264,171	334,702	-3,659	40,854	-6,321	0	0	0	365,576	4,898,595
Water Reservoirs	275,189	20,265	21,553	24,191	-3,105	0	338,093	39,703	-1,572	3,936	-233	15,531	0	0	57,365	280,728
General Infrastructure	137,317	67,373	29,761	65,989	0	-30,482	269,958	73,116	-9,679	3,388	0	0	0	-45,097	21,728	248,230
Mains	1,831,054	153,931	230,456	-28,450	-30,551	0	2,156,440	675,410	-85,487	45,463	-14,034	0	0	0	621,352	1,535,088
Major Substations	1,318,701	135,417	143,863	133,537	-20,220	0	1,711,298	494,808	-53,029	43,865	-12,022	233	0	0	473,855	1,237,443
Public Lighting	183,825	6,172	31,749	6,457	-7	0	228,196	81,317	-44,051	9,312	-3	4,806	0	0	51,381	176,815
Connections & Switches	667,231	46,656	76,310	-21,479	-58	0	768,660	425,182	-56,922	34,363	-53	0	0	0	402,570	366,090
	14,127,454	**4,421,465**	**4,006,961**	**-246,852**	**-77,641**	**-30,482**	**22,200,905**	**3,852,293**	**-410,695**	**454,316**	**-33,301**	**26,010**	**0**	**-45,097**	**3,843,526**	**18,357,379**
Community Assets																
Recreation	489,463	2,738,166	3,241,087	-2,683,733	-3,427	71,151	3,852,707	172,197	-52,998	61,009	-1,886	17,192	-6	83,826	279,334	3,573,373
Clinics & Depots	107,672	17,653	0	-15,505	-4	0	109,816	31,389	-13,787	22,761	-4	0	0	0	40,359	69,457
Cemetries & Crematoria	66,974	1,920	0	6,507	0	0	75,401	17,677	825	2,450	0	0	0	0	20,952	54,449
Community Halls	89,473	2,077	0	3,533	0	0	95,083	25,998	-25,990	2	0	0	0	0	10	95,073
Fire Stations	18,788	9,493	0	0	-1	0	28,280	6,069	8,233	1,583	-1	0	0	0	15,884	12,396
Libraries	53,335	6,373	0	7,488	0	0	67,196	24,544	-24,520	3	0	0	0	0	27	67,169
Museums	1,542	0	261	13	0	0	1,816	594	-518	8	0	0	0	0	84	1,732
Police Stations	48,429	456	0	-456	-11	0	48,418	32,818	-26,827	1,042	-11	9	0	0	7,031	41,387
	875,676	**2,776,138**	**3,241,348**	**-2,682,153**	**-3,443**	**71,151**	**4,278,717**	**311,286**	**-135,582**	**88,858**	**-1,902**	**17,201**	**-6**	**83,826**	**363,681**	**3,915,036**
Heritage Assets																
Exhibits	6,551	1	262	11,067	0	0	17,881	0	0	0	0	0	0	0	0	17,881
	6,551	**1**	**262**	**11,067**	**0**	**0**	**17,881**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**17,881**
Other Assets																
Airconditioning	5,351	0	77,174	0	-52	0	82,473	3,430	-795	3,980	-52	0	-2	0	6,561	75,912
Security Systems	64,862	0	61	0	-154	0	64,769	19,415	19,881	16,494	-111	0	0	0	55,679	9,090
Computer Equipment	489,814	0	8,864	0	-9,489	-11,445	477,744	299,136	-65,072	75,911	-9,171	0	-13	-11,528	289,263	188,481
Car Parks & Fencing	82	0	192,120	0	0	0	192,202	75	-33	1,272	0	0	0	0	1,314	190,888
Plant & Equipment	1,031,687	14,303	1,534,245	-23	-46,710	-275,720	2,257,782	684,744	-96,077	114,270	-33,934	508	-141	-258,880	410,490	1,847,292
Furniture & Fittings	131,582	0	13,778	0	-1,753	-5,543	138,064	84,093	18,347	14,585	-11,406	0	0	-5,542	100,077	37,987
Markets	83,519	1,133	4,827	1,371	0	0	90,850	26,635	4,105	5,989	0	0	0	0	36,729	54,121
Vehicles	1,743,355	0	156,371	22,496	-66,896	-14,415	1,840,911	869,642	-180,160	245,534	-43,055	2,674	-10	-14,415	880,210	960,701
Fire Engines	66,964	1,407	561	0	-695	0	68,237	8,272	20,414	4,281	-18,585	0	0	0	14,382	53,855
	3,617,216	**16,843**	**1,988,001**	**23,844**	**-125,749**	**-307,123**	**5,213,032**	**1,995,442**	**-279,390**	**482,316**	**-116,314**	**3,182**	**-166**	**-290,365**	**1,794,705**	**3,418,327**
Total	**22,723,628**	**7,305,320**	**9,347,557**	**-2,884,096**	**-255,750**	**34,085**	**36,270,744**	**6,917,077**	**-1,221,158**	**1,142,656**	**-189,398**	**46,996**	**-172**	**-4,188**	**6,691,813**	**29,578,931**

53.ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010 (MUNICIPALITY)

	Cost / Revaluation								Accumulated Depreciations								
	Opening Balance	Opening Under Construction	Additions	Under Construction	Disposals	Impairments	Transfers	Closing Balance	Opening Balance	Prior Year Adjustments	Additions	Disposals	Impairments	Adjustments	Transfers	Closing Balance	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R		R	R	R	R	R	R	R
Land and Buildings																	
Land	301,116	181	18,225	0	-3,829	0	38,189	353,882	0	0	0	0	0	0	0	0	353,882
Buildings	2,511,167	77,112	71,870	10,218	-30,069	0	262,351	2,902,649	603,184	-413,127	75,854	-22,862	603	0	247,448	491,100	2,411,549
	2,812,283	**77,293**	**90,095**	**10,218**	**-33,898**	**0**	**300,540**	**3,256,531**	**603,184**	**-413,127**	**75,854**	**-22,862**	**603**	**0**	**247,448**	**491,100**	**2,765,431**
Infrastructure																	
Roads	4,252,269	1,058,599	1,463,780	-542,692	0	0	0	6,231,956	962,727	-145,408	140,443	0	5,440		0	963,202	5,268,754
Traffic Equipment & Ranks	443,200	92,940	0	25,684	0	0	0	561,824	126,099	-20,872	20,751	0	0		0	125,978	435,846
Stormwater Drainage	761,775	323,944	271,502	-233,855	0	0	0	1,123,366	98,743	6,220	15,862	0	0		0	120,825	1,002,541
Sewerage Pumps	34,842	10,515	0	12,976	-157	0	0	58,176	7,182	71	591	-85	0		0	7,759	50,417
Sewerage Mains & Reticulation	1,951,482	541,469	182,294	203,371	-870	0	0	2,877,746	331,233	3,453	63,065	-550	0		0	397,201	2,480,545
Purification Works	95	118,301	0	-6,688	0	0	0	111,708	57	2	19	0	0		0	78	111,630
Refuse Sites & Transfer Station	425,642	38,419	77,674	-35,025	0	0	0	506,710	202,014	238	32,404	0	0		0	234,656	272,054
Water Mains & Reticulation	1,844,832	1,807,463	1,478,233	149,132	-7,397	0	0	5,272,263	334,702	-3,659	40,854	-6,321	0		0	365,576	4,906,687
Water Reservoirs	275,189	20,265	21,553	24,191	-15,276	0	0	325,922	39,703	-1,572	3,936	-233	15,531		0	57,365	268,557
General Infrastructure	123,955	80,735	29,761	65,989	-3,105	0	-30,482	266,853	73,116	-9,679	3,388	0	0		-45,097	21,728	245,125
Mains	1,831,054	153,931	230,456	-28,450	-30,551	0	0	2,156,440	675,410	-85,487	45,463	-14,034	0	0	0	621,352	1,535,088
Major Substations	1,318,701	135,417	143,863	133,537	-20,220	0	0	1,711,298	494,808	-53,029	43,865	-12,022	233	0	0	473,855	1,237,443
Public Lighting	183,625	6,172	31,749	6,457	-7	0	0	228,196	81,317	-44,051	9,312	-3	4,806	0	0	51,381	176,815
Connections & Switches	667,231	46,656	76,310	-21,479	-58	0	0	768,660	425,182	-56,922	34,363	-53	0	0	0	402,570	366,090
	14,114,092	**4,434,826**	**4,007,175**	**-246,852**	**-77,641**	**0**	**-30,482**	**22,201,118**	**3,852,293**	**-410,695**	**454,316**	**-33,301**	**26,010**	**0**	**-45,097**	**3,843,526**	**18,357,592**
Community Assets																	
Recreation	489,463	2,738,166	3,241,087	-2,683,733	-3,428	0	71,151	3,852,706	172,197	-52,998	61,009	-1,886	17,192	-6	83,826	279,334	3,573,372
Clinics & Depots	107,672	17,653	0	-15,505	-3	0	0	109,817	31,389	-13,787	22,761	-4	0	0	0	40,359	69,458
Cemetries & Crematoria	66,974	1,920	0	6,507	0	0	0	75,401	17,677	825	2,450	0	0	0	0	20,952	54,449
Community Halls	89,473	2,077	0	3,533	0	0	0	95,083	25,998	-25,990	2	0	0	0	0	10	95,073
Fire Stations	18,788	9,493	0	0	-1	0	0	28,280	6,069	8,233	1,583	-1	0		0	15,884	12,396
Libraries	53,335	6,373	0	7,488	0	0	0	67,196	24,544	-24,520	3	0	0	0	0	27	67,169
Museums	1,542	0	261	13	0	0	0	1,816	594	-518	8	0	0	0	0	84	1,732
Police Stations	48,429	456	0	-456	-11	0	0	48,418	32,818	-26,827	1,042	-11	9	0	0	7,031	41,387
	875,676	**2,776,138**	**3,241,348**	**-2,682,153**	**-3,443**	**0**	**71,151**	**4,278,717**	**311,286**	**-135,582**	**88,858**	**-1,902**	**17,201**	**-6**	**83,826**	**363,681**	**3,915,036**
Heritage Assets																	
Exhibits	6,552	0	262	11,067	0	0	0	17,881	0	0	0	0	0	0	0	0	17,881
	6,552	0	262	11,067	0	0	0	17,881	0	0	0	0	0	0	0	0	17,881
Other Assets																	
Airconditioning	5,351	0	41	0	-52	0	0	5,340	3,430	-795	3,980	-52	0	-2	0	6,561	-1,221
Security Systems	64,862	0	61	0	-154	0	0	64,769	19,415	19,881	16,494	-111	0	0	0	55,679	9,090
Computer Equipment	485,287	0	8,445	0	-8,946	0	-11,445	473,341	296,375	-65,072	75,911	-8,628	0	-13	-11,528	287,045	186,296
Car Parks & Fencing	82	0	0	0	0	0	0	82	75	-33	1,272	0	0	0	0	1,314	-1,232
Plant & Equipment	930,502	14,303	1,799,461	-23	-19,933	0	-275,720	2,448,590	630,963	-80,822	99,070	-16,909	0	-141	-258,880	373,281	2,075,309
Furniture & Fittings	46,406	0	2,664	0	-1,123	0	-5,543	42,404	24,934	9,111	7,878	-1,084	0	0	-5,542	35,297	7,107
Markets	83,519	1,133	4,827	1,371	0	0	0	90,850	26,635	4,105	5,989	0	0	0	0	36,729	54,121
Vehicles	1,741,592	0	156,294	22,496	-66,844	0	-14,415	1,839,123	868,111	-179,505	245,375	-43,003	2,674	-10	-14,414	879,228	959,895
Fire Engines	66,964	1,407	561	0	-695	0	0	68,237	8,272	20,414	4,281	-18,585	0	0	0	14,382	53,855
	3,424,565	**16,843**	**1,972,354**	**23,844**	**-97,747**	**0**	**-307,123**	**5,032,736**	**1,878,210**	**-272,716**	**460,250**	**-88,372**	**2,674**	**-166**	**-290,364**	**1,689,516**	**3,343,220**
Total	**21,233,168**	**7,305,100**	**9,311,234**	**-2,883,876**	**-212,729**	**0**	**34,086**	**34,786,983**	**6,644,973**	**-1,232,120**	**1,079,278**	**-146,437**	**46,488**	**-172**	**-4,187**	**6,387,823**	**28,399,160**

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eThekwini Municipality and its Municipal Entities

NOTE 54: STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2010 - GROUP

Description	Current Year 2009/10								
R thousands	Original Budget	Budget Adjustments	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual; Outcome as a % of Original Budget
Financial Performance									
Property rates	4 325 473			4 325 473	4 236 363		(89 110)	98%	98%
Service charges	8 382 349	(71 154)	350	8 311 545	7 841 496		(470 049)	94%	94%
Investment revenue	566 600			566 600	201 693		(364 907)	36%	36%
Transfers recognised - operational	1 362 709	43 776		1 406 485	2 383 423		976 938	169%	175%
Other own revenue	1 620 502	40 829	2 566	1 663 897	1 914 717		250 820	115%	118%
I.C.C. Durban (Pty) Ltd	129 403			129 403	112 488		(16 915)	87%	87%
Durban Marine Theme Park (Pty) Ltd	128 135			128 135	129 158		1 023	101%	101%
Total Revenue (excluding capital transfers and contributions)	**16 515 171**	**13 451**	**2 916**	**16 531 538**	**16 819 338**		**303 692**	**102%**	**102%**
Employee costs	4 747 344	(10 032)	(46 447)	4 690 865	4 633 632		57 233	99%	98%
Remuneration of councillors	67 272	(187)	5 324	72 409	73 969		(1 560)	102%	110%
Debt impairment	325 783	11 275		337 058	574 189		(237 131)	170%	176%
Depreciation & asset impairment	1 417 911	5 085	(146 080)	1 276 916	1 192 226		84 690	93%	84%
Finance charges	707 476		(17 300)	690 176	484 290		205 886	70%	68%
Materials and bulk purchases	4 741 255	(22 391)	(51 500)	4 667 364	4 531 944		135 420	97%	96%
Transfers and grants	176 194	(8 051)	(6 479)	161 664	139 488		22 176	86%	79%
Other expenditure	4 779 494	9 414	258 866	5 047 774	5 214 694		(166 920)	103%	109%
I.C.C. Durban (Pty) Ltd	175 899			175 899	157 831		18 068	90%	90%
Durban Marine Theme Park (Pty) Ltd	166 404			166 404	164 645		1 759	99%	99%
Total Expenditure	**17 305 032**	**(14 887)**	**(3 616)**	**17 286 529**	**17 166 908**		**99 794**	**99%**	**99%**
Surplus/(Deficit)	**(789 861)**	**28 338**	**6 532**	**(754 991)**	**(347 570)**		**(407 421)**	**46%**	**44%**
Transfers recognised - capital	2 435 058	107 136	700	2 542 894	2 275 500		267 394	89%	93%
Contributions recognised - capital & contributed a	–	–	–	–	–		–		
Surplus/(Deficit) after capital transfers & contributions	**1 645 197**	**135 474**	**7 232**	**1 787 903**	**1 927 930**		**140 027**	**108%**	**117%**
Share of surplus/ (deficit) of associate	(19 144)			(19 144)			19 144	0%	0%
Surplus/(Deficit) for the year	**1 626 053**	**135 474**	**7 232**	**1 768 759**	**1 927 930**		**159 171**	**109%**	**119%**

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eThekwini Municipality and its Municipal Entities

NOTE 54: STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2010 - GROUP

Description	Current Year 2009/10								
R thousands	Original Budget	Budget Adjustments	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual; Outcome as a % of Original Budget
Capital expenditure & funds sources									
Capital expenditure	4 725 977	635 471	700	5 362 148	6 537 020		(1 174 872)	122%	138%
Transfers recognised - capital	2 435 058	107 136	700	2 542 894	2 275 500		267 394	89%	93%
Public contributions & donations	–	–	–	–	–		–		
Borrowing	1 100 000	1 800 000		2 900 000	2 923 743		(23 743)	101%	266%
Internally generated funds	1 190 919	(1 271 665)		(80 746)	1 337 777		(1 418 523)	-1657%	112%
Total sources of capital funds	4 725 977	635 471	700	5 362 148	6 537 020		(1 174 872)	122%	138%
Cash flows				–					
Net cash from (used) operating	4 682 651	(1 747 206)		2 935 445	2 553 965		381 480	87%	55%
Net cash from (used) investing	(5 509 333)	(487 413)		(5 996 746)	(4 040 738)		(1 956 008)	67%	73%
Net cash from (used) financing	869 146	1 857 145		2 726 291	2 609 792		116 499	96%	300%
Cash/cash equivalents at the year end	42 464	(377 474)		(335 010)	1 577 821		(1 912 831)	-471%	3716%

eThekwini Municipality and its Municipal Entities

NOTE 54: STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2010 - MUNICIPALITY

Description	Current Year 2009/10								
R thousands	Original Budget	Budget Adjustments	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual; Outcome as a % of Original Budget
Financial Performance									
Property rates	4 325 473			4 325 473	4 243 653		(81 820)	98%	98%
Service charges	8 382 349	(71 154)	350	8 311 545	7 863 974		(447 571)	95%	94%
Investment revenue	566 600			566 600	187 933		(378 667)	33%	33%
Transfers recognised - operational	1 362 709	43 776		1 406 485	2 383 423		976 938	169%	175%
Other own revenue	1 620 502	40 829	2 566	1 663 897	1 928 304		264 407	116%	119%
Total Revenue (excluding capital transfers and contributions)	**16 257 633**	**13 451**	**2 916**	**16 274 000**	**16 607 287**		**333 287**	**102%**	**102%**
Employee costs	4 747 344	(10 032)	(46 447)	4 690 865	4 540 518		150 347	97%	96%
Remuneration of councillors	67 272	(187)	5 324	72 409	73 969		(1 560)	102%	110%
Debt impairment	325 783	11 275		337 058	572 984		(235 926)	170%	176%
Depreciation & asset impairment	1 417 911	5 085	(146 080)	1 276 916	1 219 361		57 555	95%	86%
Finance charges	707 476		(17 300)	690 176	480 942		209 234	70%	68%
Materials and bulk purchases	4 741 255	(22 391)	(51 500)	4 667 364	4 531 944		135 420	97%	96%
Transfers and grants	176 194	(8 051)	(6 479)	161 664	149 977		11 687	93%	85%
Other expenditure	4 779 494	9 414	258 866	5 047 774	5 316 119		(268 345)	105%	111%
Total Expenditure	**16 962 729**	**(14 887)**	**(3 616)**	**16 944 226**	**16 885 814**		**58 412**	**100%**	**100%**
Surplus/(Deficit)	**(705 096)**	**28 338**	**6 532**	**(670 226)**	**(278 527)**		**(391 699)**	**42%**	**40%**
Transfers recognised - capital	2 435 058	107 136	700	2 542 894	2 275 500		267 394	89%	93%
Contributions recognised - capital & contributed as	–	–	–	–	–		–		
Surplus/(Deficit) after capital transfers & contributions	**1 729 962**	**135 474**	**7 232**	**1 872 668**	**1 996 973**		**124 305**	**107%**	**115%**
Share of surplus/ (deficit) of associate	(19 144)			(19 144)	5 238		24 382	-27%	-27%
Surplus/(Deficit) for the year	**1 710 818**	**135 474**	**7 232**	**1 853 524**	**2 002 211**		**148 687**	**108%**	**117%**

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eThekwini Municipality and its Municipal Entities

NOTE 54: STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2010 - MUNICIPALITY

Description	Current Year 2009/10								
R thousands	Original Budget	Budget Adjustments	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual; Outcome as a % of Original Budget
Capital expenditure & funds sources									
Capital expenditure	4 679 005	635 471	700	5 315 176	6 493 670		(1 178 494)	122%	139%
Transfers recognised - capital	2 435 058	107 136	700	2 542 894	2 275 500		267 394	89%	93%
Public contributions & donations	–	–	–	–	–		–		
Borrowing	1 100 000	1 800 000		2 900 000	2 923 743		(23 743)	101%	266%
Internally generated funds	1 143 947	(1 271 665)		(127 718)	1 294 427		(1 422 145)	-1014%	113%
Total sources of capital funds	4 679 005	635 471	700	5 315 176	6 493 670		(1 178 494)	122%	139%
Cash flows				–					
Net cash from (used) operating	4 682 651	(1 747 206)		2 935 445	2 543 361		392 084	87%	54%
Net cash from (used) investing	(5 509 333)	(487 413)		(5 996 746)	(3 991 096)		(2 005 650)	67%	72%
Net cash from (used) financing	869 146	1 857 145		2 726 291	2 604 365		121 926	96%	300%
Cash/cash equivalents at the year end	42 464	(377 474)		(335 010)	1 440 863		(1 775 873)	-430%	3393%

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eThekwini Municipality and its Municipal Entities
APPENDIX A:SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT (GROUP)

30th June 2010

	Cost							Accumulated Depreciation									Carrying Value
	Opening Balance Cost	Opening Balance Capital Under Construction	Additions	Under Construction	Disposals	Transfers	Closing Balance	Opening Balance	Prior Year Adjustments	Additions	Disposals	Impairments	Adjustments	Transfers	Closing Balance		
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Miscellaneous	19,728	0	0	0	0	1,438	21,164	19,701	-16,034	285	0	0	0	0	3,952		17,212
Legal Services	8,841	0	305	0	-82	320	9,384	914	-257	465	-70	0	0	320	1,372		8,012
Real Estates	38,551	0	7,270	0	-155	1,053	46,719	22,669	-6,192	1,319	-143	0	0	1,061	18,714		28,005
Health	217,885	17,644	24,888	-17,644	-69	-5,969	236,735	75,241	-29,741	10,248	-68	0	0	-5,969	49,711		187,024
Skills Development	2,687	0	117	0	-14	-1,522	1,268	2,384	-407	136	-14	0	0	-1,522	577		691
Grant in Aid	871	0	16,735	0	-3	-108	17,495	410	-56	162	-3	0	0	-108	405		17,090
Security	382	0	28	0	-179	243	474	382	-73	61	-179	0	0	243	434		40
Metropolitan Police	138,865	456	10,326	-456	-235	-2,205	146,751	81,400	-46,906	6,340	-220	9	-5	-2,205	38,413		108,338
Retail Market	43,417	1,046	282	236	0	110	45,091	21,485	-12,569	1,003	0	603	0	110	10,632		34,459
Housing	1,335,778	18,815	79,076	20,800	-62	54	1,454,459	98,747	5,302	46,234	-55	0	0	-39	150,189		1,304,270
Municipal Information & Policy	3,325	1,818	564	-1,818	-98	-306	3,485	2,537	-708	415	-98	0	0	-306	1,840		1,645
Ombudsperson & Head : Investigation	730	0	29	0	0	48	807	505	-94	122	0	0	0	48	581		226
Office Of International & Governance	457	0	108	0	0	0	565	206	-37	81	0	0	0	0	250		315
Community Participation	7,474	0	223	0	-21	-37	7,639	3,446	-1,306	837	-3	0	0	-37	2,737		4,902
Office Of Geographic Information	795	0	2,202	0	-55	12	2,954	412	-103	136	-54	0	0	12	403		2,551
City Manager's Office	124	0	0	0	0	0	124	111	-22	18	0	0	0	0	107		17
Strategic Projects	7,492	2,691,076	3,669,740	-2,668,962	-18	0	3,699,328	1,000	-436	65,962	-13	0	-11	0	66,502		3,632,826
Office Of The D C M : Sust. Development	90	0	88	0	0	0	178	7	1	20	0	0	0	0	28		150
Office of the D C M : Sust.Procurement	109	0	54	0	-8	21	176	12	-6	25	-8	0	0	21	44		132
Office Of The D C M : Health, Safety	666	0	668	0	-45	0	1,289	369	-55	104	-45	0	0	0	373		916
Office Of The D C M : Corp & HR	28	0	86	0	0	0	114	1	0	19	0	0	0	0	20		94
Office Of The D C M : Governance	12	0	16	0	0	0	28	9	-1	2	0	0	0	0	10		18
Office Of The D C M : Treasury	1,219	0	0	0	-38	132	1,313	622	-189	148	-31	0	0	132	682		631
Development Planning & Management	62,535	3,536	10,401	2,474	-122	-2,387	76,437	15,338	-5,775	2,071	-122	0	0	-2,387	9,125		67,312
Economic Development & Facilitation	26,124	89,735	150,048	110,325	-137	-396	375,699	6,325	-344	2,131	-136	0	0	-396	7,580		368,119
City Enterprises	6,727	0	1,751	0	0	14	8,492	5,912	-1,038	777	0	0	0	14	5,665		2,827
Business Support	68,037	1,160	15,231	72	0	-49	84,451	17,924	750	3,222	0	0	0	-49	21,847		62,604
Procurement	15,316	0	222	0	-48	177	15,667	8,819	-5,270	1,611	-48	0	0	177	5,289		10,378
Engineering	5,326,086	1,169,860	2,003,598	-597,096	-844	13,270	7,914,874	1,154,050	-179,931	171,525	-818	5,440	0	-4,841	1,145,425		6,769,449
Emergency Services	192,150	12,778	36,965	0	-712	5,792	246,973	90,326	-31,946	14,549	-46	0	0	5,792	78,675		168,298
Parks, Recreation, Cemetries &	1,224,343	58,797	151,757	-34,141	-11,537	18,871	1,408,090	543,589	-230,948	42,974	-6,571	17,192	-137	232	366,331		1,041,759
Governance	97,017	15,634	12,208	3,349	-96	-2,091	126,021	66,527	-34,514	4,199	-82	0	-1	-2,091	34,038		91,983
Communications	1,222	0	411	0	0	111	1,744	707	-117	229	0	0	0	61	880		864
Regional Centres	26,643	0	549	0	-28	132	27,296	4,871	-385	1,628	-14	0	0	132	6,232		21,064
Human Resources	29,707	0	767	0	-96	646	31,024	17,864	-9,564	2,138	-96	0	0	646	10,988		20,036
Management Services & Org Developmer	448	0	90	0	-46	51	543	330	-105	63	-46	0	0	51	293		250
Finance	32,079	0	693	0	-3,712	52	29,112	26,825	-10,533	793	-3,677	0	-3	49	13,454		15,658
City Fleet	690,411	1,499	115,677	5,300	-19,359	9,119	802,647	425,638	-135,390	90,473	-16,704	0	0	9,119	373,136		429,511
Durban Transport	414,451	0	76,332	0	-1,613	110	489,280	37,835	-1,454	49,891	-853	2,674	-10	110	88,193		401,087
Office Of Audit & Performance Manageme	1,205	0	149	0	-17	-29	1,308	878	-283	162	-13	0	-1	-29	714		594
Information Technology	408,783	326	186,417	-326	-838	-4,046	590,316	205,013	-58,220	73,473	-755	0	-1	-4,086	215,424		374,892
Ethekwini Transport Authority	464,190	302,342	166,816	-173,135	-38	252	760,427	140,246	-30,615	23,519	-34	0	0	252	133,368		627,059
Occupational Health & Safety	2,042	0	153	0	-74	-574	1,547	1,470	-216	226	-73	0	0	-574	833		714
Performance Management	68	0	170	0	0	11	249	11	-4	26	0	0	0	11	44		205
Durban Energy Office	79	0	545	453	0	15	1,092	3	-6	22	0	0	0	15	34		1,058
Income	34,952	0	2,785	0	-690	-44	37,003	25,587	-8,421	3,715	-655	0	-3	-44	20,179		16,824
Finance and Major Projects	1,003	0	114	0	-35	89	1,171	671	-242	128	-32	0	0	89	614		557
Internal Control and Business Systems	66,482	0	3,030	504	-3,560	350	66,806	43,100	-14,134	4,616	-2,166	0	0	350	31,766		35,040
ABMS	17,625	10,374	24,179	18,922	-204	33	70,929	3,827	-445	2,057	-192	0	0	33	5,280		65,649
Water	2,607,721	1,846,120	1,545,380	163,761	-40,174	0	6,122,808	624,314	-50,518	115,478	-26,803	15,531	0	0	678,002		5,444,806
Sanitation	2,107,910	671,145	234,120	209,300	-3,500	0	3,218,975	404,056	792	72,545	-2,930	0	0	0	474,463		2,744,512
Solid Waste	693,007	14,773	125,203	-11,379	-27,600	-2	794,002	428,858	-44,917	83,232	-20,107	0	0	-2	447,064		346,938
Airport	1,586	0	52	0	0	9	1,647	435	-121	65	0	0	0	9	388		1,259
Housing	121,108	8,752	44,974	-8,752	-27,808	131	138,405	82,900	-4,644	2,491	-20,425	0	0	224	60,546		77,859
Market Service	100,226	1,592	6,886	-846	-93	1,184	108,949	36,619	-21,478	2,969	-92	0	0	1,184	19,202		89,747
Gas	73,786	23,646	28,012	-23,646	0	0	101,798	2,648	4	2,659	0	0	0	0	5,311		96,487
Electricity Service	4,488,579	342,176	552,750	118,829	-68,667	0	5,433,667	1,888,888	-242,198	169,679	-41,943	5,039	0	0	1,779,465		3,654,202
Durban Marine Theme Park (Pty) Ltd	600,838	220	30,245	-220	-409	0	630,674	162,381	12,200	29,878	-39,714	508	0	0	165,253		465,421
International Convention Centre (Pty) Ltd	850,477	0	5,851	0	-3,247	0	853,081	109,721	-1,238	33,500	-3,247	0	0	0	138,736		714,345
Total	**22,684,485**	**7,305,320**	**9,347,336**	**-2,884,096**	**-216,386**	**34,085**	**36,270,744**	**6,917,076**	**-1,221,157**	**1,142,656**	**-189,398**	**46,996**	**-172**	**-4,188**	**6,691,813**		**29,578,931**

eThekwini Municipality and its Municipal Entities
APPENDIX A:SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT (MUNICIPALITY)

30th June 2010

	Cost							Accumulated Depreciation								Carrying Value
	Opening Balance Cost	Opening Balance Capital Under Construction	Additions	Under Construction	Disposals	Transfers	Closing Balance	Opening Balance	Prior Year Adjustments	Additions	Disposals	Impairments	Adjustments	Transfers	Closing Balance	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Miscellaneous	19,726	0	0	0	0	1,438	21,164	19,701	-16,034	285	0	0	0	0	3,952	17,212
Legal Services	8,841	0	305	0	-82	320	9,384	914	-257	465	-70	0	0	320	1,372	8,012
Real Estates	38,551	0	7,270	0	-155	1,053	46,719	22,669	-8,192	1,319	-143	0	0	1,061	18,714	28,005
Health	217,885	17,644	24,888	-17,644	-69	-5,969	236,735	75,241	-29,741	10,248	-68	0	0	-5,969	49,711	187,024
Skills Development	2,687	0	117	0	-14	-1,522	1,268	2,384	-407	136	-14	0	0	-1,522	577	691
Grant In Aid	871	0	16,735	0	-3	-108	17,495	410	-56	162	-3	0	0	-108	405	17,090
Security	382	0	28	0	-179	243	474	382	-73	61	-179	0	0	243	434	40
Metropolitan Police	136,865	458	10,326	-458	-235	-2,205	146,751	81,400	-46,906	6,340	-220	9	-5	-2,205	38,413	108,338
Retail Market	43,417	1,048	282	236	0	110	45,091	21,485	-12,569	1,003	0	603	0	110	10,632	34,459
Housing	1,335,776	18,815	79,076	20,800	-62	54	1,454,459	98,747	5,302	46,234	-55	0	0	-39	150,189	1,304,270
Municipal Information & Policy	3,325	1,818	564	-1,818	-98	-306	3,485	2,537	-708	415	-98	0	0	-306	1,840	1,645
Ombudsperson & Head : Investigation	730	0	29	0	0	48	807	505	-94	122	0	0	0	48	581	226
Office Of International & Governance	457	0	108	0	0	0	565	206	-37	81	0	0	0	0	250	315
Community Participation	7,474	0	223	0	-21	-37	7,639	3,446	-1,306	637	-3	0	0	-37	2,737	4,902
Office Of Geographic Information	795	0	2,202	0	-55	12	2,954	412	-103	136	-54	0	0	12	403	2,551
City Manager's Office	124	0	0	0	0	0	124	111	-22	18	0	0	0	0	107	17
Strategic Projects	7,492	2,691,078	3,669,740	-2,868,962	-18	0	3,699,328	1,000	-436	65,962	-13	0	-11	0	66,502	3,632,826
Office Of The D C M : Sust. Development	90	0	88	0	0	0	178	7	1	20	0	0	0	0	28	150
Office of the D C M :Sust.Procurement	109	0	54	0	-8	21	176	12	-6	25	-8	0	0	21	44	132
Office Of The D C M : Health, Safety	666	0	668	0	-45	0	1,289	369	-55	104	-45	0	0	0	373	916
Office Of The D C M : Corp & HR	28	0	86	0	0	0	114	1	0	19	0	0	0	0	20	94
Office Of The D C M : Governance	12	0	16	0	0	0	28	9	-1	2	0	0	0	0	10	18
Office Of The D C M : Treasury	1,219	0	0	0	-38	132	1,313	622	-189	148	-31	0	0	132	682	631
Development Planning & Management	62,535	3,536	10,401	2,474	-122	-2,387	76,437	15,338	-5,775	2,071	-122	0	0	-2,387	9,125	67,312
Economic Development & Facilitation	26,124	89,735	150,048	110,325	-137	-396	375,699	6,325	-344	2,131	-136	0	0	-396	7,580	368,119
City Enterprises	6,727	0	1,751	0	0	14	8,492	5,912	-1,038	777	0	0	0	14	5,665	2,827
Business Support	68,037	1,160	15,231	72	0	-49	84,451	17,924	750	3,222	0	0	0	-49	21,847	62,604
Procurement	15,316	0	222	0	-48	177	15,667	8,819	-5,270	1,611	-48	0	0	177	5,289	10,378
Engineering	5,326,986	1,169,860	2,003,598	-597,096	-844	13,270	7,914,874	1,154,050	-179,931	171,525	-818	5,440	0	-4,841	1,145,425	6,769,449
Emergency Services	192,150	12,778	36,965	0	-712	5,792	246,973	90,326	-31,946	14,549	-46	0	0	5,792	78,675	168,298
Parks, Recreation, Cemeries &	1,224,343	58,797	151,757	-34,141	-11,537	18,871	1,406,090	543,569	-230,948	42,974	-6,571	17,192	-137	232	366,331	1,041,759
Governance	97,017	15,834	12,208	3,349	-96	-2,091	126,021	56,527	-34,514	4,199	-82	0	-1	-2,091	34,038	91,983
Communications	1,222	0	411	0	0	111	1,744	707	-117	229	0	0	0	61	880	864
Regional Centres	26,643	0	549	0	-28	132	27,296	4,871	-385	1,628	-14	0	0	132	6,232	21,064
Human Resources	29,707	0	767	0	-96	646	31,024	17,864	-9,564	2,138	-96	0	0	646	10,988	20,036
Management Services & Org Development	448	0	90	0	-46	51	543	330	-105	63	-46	0	0	51	293	250
Finance	32,077	0	693	0	-3,712	53	29,111	26,824	-10,533	793	-3,677	0	-3	49	13,453	15,658
City Fleet	890,411	1,500	115,677	5,300	-19,359	9,119	802,648	425,638	-135,390	90,473	-16,704	0	0	9,119	373,136	429,512
Durban Transport	414,451	0	76,332	0	-1,613	110	489,280	37,635	-1,454	49,891	-853	2,674	-10	110	88,193	401,087
Office Of Audit & Perfomance Managemen	1,205	0	149	0	-17	-29	1,308	878	-283	162	-13	0	-1	-29	714	594
Information Technology	408,783	326	186,417	-326	-838	-4,046	590,316	205,013	-58,220	73,473	-755	0	-1	-4,086	215,424	374,892
Ethekwini Transport Authority	464,190	302,342	166,816	-173,135	-38	252	760,427	140,246	-30,615	23,519	-34	0	0	252	133,368	627,059
Occupational Health & Safety	2,042	0	153	0	-74	-574	1,547	1,470	-216	226	-73	0	0	-574	833	714
Performance Management	68	0	170	0	0	11	249	11	-4	26	0	0	0	11	44	205
Durban Energy Office	79	0	545	453	0	15	1,092	3	-6	22	0	0	0	15	34	1,058
Income	34,952	0	2,785	0	-690	-44	37,003	25,587	-8,421	3,715	-655	0	-3	-44	20,179	16,824
Finance and Major Projects	1,003	0	114	0	-35	89	1,171	671	-242	128	-32	0	0	89	614	557
Internal Control and Business Systems	66,482	0	3,030	504	-3,560	350	66,806	43,100	-14,134	4,616	-2,166	0	0	350	31,766	35,040
ABMS	17,625	10,374	24,179	18,922	-204	33	70,929	3,827	-445	2,057	-192	0	0	33	5,280	65,649
Water	2,807,721	1,846,120	1,548,374	163,761	-40,174	0	6,122,802	624,314	-50,518	115,478	-26,803	15,531	0	0	678,002	5,444,800
Sanitation	2,107,910	671,145	234,120	209,300	-3,500	0	3,218,975	404,056	792	72,545	-2,930	0	0	0	474,463	2,744,512
Solid Waste	693,007	14,773	125,203	-11,379	-27,600	-2	794,002	426,858	-44,917	83,232	-20,107	0	0	-2	447,064	346,938
Airport	1,586	0	52	0	0	9	1,647	435	-121	65	0	0	0	9	388	1,259
Housing	121,108	8,752	44,974	-8,752	-27,808	131	138,405	82,900	-4,644	2,491	-20,425	0	0	224	60,546	77,859
Market Service	100,226	1,592	6,886	-846	-93	1,184	108,949	36,619	-21,478	2,969	-92	0	0	1,184	19,202	89,747
Gas	73,786	23,646	28,012	-23,646	0	0	101,798	2,648	4	2,659	0	0	0	0	5,311	96,487
Electricity Service	4,488,579	342,176	552,750	118,829	-68,667	0	5,433,667	1,888,888	-242,198	159,679	-41,943	5,039	0	0	1,779,465	3,654,202
Total	**21,233,168**	**7,305,101**	**9,311,234**	**-2,883,876**	**-212,730**	**34,086**	**34,788,983**	**6,644,973**	**-1,232,119**	**1,079,278**	**-146,437**	**46,488**	**-172**	**-4,188**	**6,387,823**	**28,399,160**

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eThekwini Municipality and its Municipal Entities

APPENDIX B: GROUP : SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

2009 Actual Income R'000	2009 Actual Expenditure R'000	2009 Surplus/ (Deficit) R'000		2010 Actual Income R'000	2010 Actual Expenditure R'000	2010 Surplus/ (Deficit) R'000
54,380	200,146	(145,766)	Executive & Council	35,404	212,781	(177,377)
6,059,461	2,039,004	4,020,457	Finance & Admin	6,329,492	2,718,965	3,610,527
960,478	417,283	543,195	Planning & Development	1,140,327	685,373	454,954
29,998	241,195	(211,197)	Health	51,593	275,486	(223,893)
44,831	422,576	(377,745)	Community & Social Services	48,783	468,881	(420,098)
1,706,039	1,644,893	61,146	Housing	1,397,684	1,610,835	(213,151)
182,172	740,758	(558,586)	Public Safety	111,349	859,160	(747,811)
34,233	620,309	(586,076)	Sport & Recreation	87,295	780,388	(693,093)
16,828	92,791	(75,963)	Environmental Protection	10,115	106,366	(96,251)
731,932	1,473,032	(741,100)	Waste Management	1,196,259	1,699,839	(503,580)
671,887	1,323,101	(651,214)	Road Transport	1,323,308	1,447,903	(124,595)
2,349,222	2,247,023	102,199	Water	2,733,012	2,450,543	282,469
4,986,252	4,176,532	809,720	Electricity	6,162,466	5,303,341	859,125
194,103	87,169	106,934	Other	74,726	105,947	(31,221)
117,290	180,260	(62,970)	Durban Marine Theme Park (Pty) Ltd	129,158	164,617	(35,459)
99,643	98,628	1,015	ICC Durban (Pty)Ltd	104,981	132,003	(27,022)
34,492	25,593	8,899	Ethekwini Transport Authority	15,156	11,226	3,930
155,312	43,487	111,825	Effingham/Link Road Joint Venture	10,947	5,709	5,238
18,428,553	**16,073,780**	**2,354,773**	**Sub Total**	**20,962,055**	**19,039,363**	**1,922,692**
19,601			Share of Income from Joint Venture	5,238		
(1,641,569)	(1,641,569)	0	Less Inter-Dep charges	(1,872,455)	(1,872,455)	0
16,806,585	**14,432,211**	**2,374,374**	**Total**	**19,094,838**	**17,166,908**	**1,927,930**

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eThekwini Municipality and its Municipal Entities

APPENDIX B: ETHEKWINI MUNICIPALITY : SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

2009 Actual Income R'000	2009 Actual Expenditure R'000	2009 Surplus/ (Deficit) R'000		2010 Actual Income R'000	2010 Actual Expenditure R'000	2010 Surplus/ (Deficit) R'000
54,380	200,146	(145,766)	Executive & Council	35,404	211,972	(176,568)
6,712,793	2,214,975	4,497,818	Finance & Admin	6,357,003	2,472,138	3,884,865
960,478	417,283	543,195	Planning & Development	1,140,327	648,311	492,016
29,998	241,195	(211,197)	Health	51,593	276,190	(224,597)
44,831	422,576	(377,745)	Community & Social Services	48,783	472,231	(423,448)
1,706,039	1,644,893	61,146	Housing	1,393,987	1,659,980	(265,993)
182,172	740,758	(558,586)	Public Safety	113,649	864,509	(750,860)
34,233	620,309	(586,076)	Sport & Recreation	59,663	785,301	(725,638)
16,828	92,791	(75,963)	Environmental Protection	10,115	106,472	(96,357)
731,932	1,473,032	(741,100)	Waste Management	1,196,259	1,699,945	(503,686)
671,887	1,323,101	(651,214)	Road Transport	1,342,859	1,443,928	(101,069)
2,349,222	2,247,023	102,199	Water	2,733,012	2,669,202	63,810
4,986,252	4,176,532	809,720	Electricity	6,162,466	5,303,341	859,125
194,103	87,169	106,934	Other	74,726	109,353	(34,627)
18,675,148	**15,901,783**	**2,773,365**	**Sub Total**	**20,719,846**	**18,722,873**	**1,996,973**
19,601			Share of Income from Joint Venture	5,238		
(1,641,569)	(1,641,569)	0	Less Inter-Dep charges	(1,837,059)	(1,837,059)	0
17,053,180	**14,260,214**	**2,792,966**	**Total**	**18,888,025**	**16,885,814**	**2,002,211**

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eThekwini Municipality and its Municipal Entities

APPENDIX C(1) : GROUP : ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2010

	2010 Actual	2010 Budget	2010 Variance	2010 Variance	Explanation of Significant Variances greater than 10% versus Budget
	R'000	R'000	R'000	%	
REVENUE					
Property rates	4,086,153	4,174,473	(88,320)	(2)	
Property rates - penalties imposed and collection charges	150,210	151,000	(790)	(1)	
Service Charges	7,841,496	8,270,366	(428,870)	(5)	
Rental of facilities and equipment	397,388	388,141	9,247	2	
Interest earned - external investments	201,693	345,761	(144,068)	(42)	For reasons refer to annexure E(1A): 1
Interest earned - outstanding debtors	101,913	105,930	(4,017)	(4)	
Fines	80,143	157,146	(77,003)	(49)	For reasons refer to annexure E(1A): 2
Licences and permits	28,109	26,029	2,080	8	
Government grants and subsidies	3,755,029	3,841,331	(86,302)	(2)	
Public contributions and donations	34,516	0	34,516	0	
Housing:Development Income	871,948	861,000	10,948	1	
Other income	1,432,439	1,345,592	86,847	6	
Fair Value Adjustment	34,858	0	34,858	0	
Gains on disposal of property, plant and equipment	78,943	18,000	60,943	0	
Reversal of Loss : Loan Impairment		0	0	0	
TOTAL REVENUE	**19,094,838**	**19,684,767**	**(589,931)**		
EXPENDITURE					
Executive & Council	212,781	231,888	(19,107)	(8)	
Finance & admin	2,718,789	2,197,030	521,759	24	
Planning & Development	685,373	801,884	(116,511)	(15)	For reasons refer to annexure E(1A): 3
Health	275,486	281,081	(5,595)	(2)	
Community & Social Services	468,881	536,434	(67,553)	(13)	For reasons refer to annexure E(1A): 4
Housing	1,610,835	492,753	1,118,082	227	For reasons refer to annexure E(1A): 5
Public Safety	859,160	791,315	67,845	9	
Sport & Recreation	780,388	816,312	(35,924)	(4)	
Environmental Protection	106,366	97,776	8,590	9	
Waste Management	1,699,839	1,771,390	(71,551)	(4)	
Road Transport	1,447,903	1,568,570	(120,667)	(8)	
Water	2,450,543	2,649,274	(198,731)	(8)	
Electricity	5,303,341	5,734,768	(431,427)	(8)	
Other	105,947	112,447	(6,500)	(6)	
Durban Marine Theme Park (Pty) Ltd	164,793	166,404	(1,611)	(1)	
ICC Durban (Pty)Ltd	132,003	144,841	(12,838)	(9)	
Ethekwini Transport Authority	11,226		11,226		
Effingham/Link Road Joint Venture	5,709		5,709		
Inter-departmental charges	(1,872,455)	(1,062,906)	(809,549)	0	
TOTAL EXPENDITURE	**17,166,908**	**17,331,260**	**(164,354)**		
SURPLUS FOR THE YEAR	**1,927,930**	**2,353,507**	**(425,577)**		

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eThekwini Municipality and its Municipal Entities

APPENDIX C(1) : ETHEKWINI MUNICIPALITY : ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2010

	2010 Actual	2010 Budget	2010 Variance	2010 Variance	Explanation of Significant Variances greater than 10% versus Budget
	R'000	R'000	R'000	%	
REVENUE					
Property rates	4,093,443	4,174,473	(81,030)	(2)	
Property rates - penalties imposed and collection charges	150,210	151,000	(790)	(1)	
Service Charges	7,863,974	8,270,366	(406,392)	(5)	
Regional Services Levies	0	0	0	0	
Rental of facilities and equipment	343,296	327,801	15,495	5	For reasons refer to annexure E(1A): 1
Interest earned - external investments	187,933	336,561	(148,628)	(44)	For reasons refer to annexure E(1A): 2
Interest earned - outstanding debtors	101,913	105,930	(4,017)	(4)	
Fines	80,143	157,146	(77,003)	(49)	For reasons refer to annexure E(1A): 3
Licences and permits	28,109	26,029	2,080	8	
Government grants and subsidies	3,754,997	3,841,331	(86,334)	(2)	
Public contributions and donations	31,978	0	31,978	0	
Housing Development Income	871,948	861,000	10,948	1	
Other income	1,260,844	1,164,449	96,395	8	
Fair Value Adjustment	34,858	0	34,858	0	
Gains on disposal of property, plant and equipment	78,943	18,000	2,129,784	0	
Reversal of Loss : Loan Impairment	198	0	2,129,784	0	
TOTAL REVENUE	**18,882,787**	**19,434,084**	**3,647,128**		
EXPENDITURE					
Executive & Council	211,972	223,312	(11,340)	(5)	
Finance & admin	2,472,138	2,176,043	296,095	14	
Planning & Development	648,311	811,224	(162,913)	(20)	For reasons refer to annexure E(1A): 4
Health	276,190	278,261	(2,071)	(1)	
Community & Social Services	472,231	545,374	(73,143)	(13)	For reasons refer to annexure E(1A): 5
Housing	1,659,980	489,983	1,169,997	239	For reasons refer to annexure E(1A): 6
Public Safety	864,509	791,260	73,249	9	
Sport & Recreation	785,301	804,546	(19,245)	(2)	
Environmental Protection	106,472	93,295	13,177	14	
Waste Management	1,699,945	1,747,689	(47,744)	(3)	
Road Transport	1,443,928	1,625,457	(181,529)	(11)	For reasons refer to annexure E(1A): 7
Water	2,669,202	2,575,374	93,828	4	
Electricity	5,303,341	5,734,768	(431,427)	(8)	
Other	109,353	112,447	(3,094)	(3)	
Inter-departmental charges	(1,837,059)	(1,062,906)	(774,153)	0	
TOTAL EXPENDITURE	**16,885,814**	**16,946,125**	**(60,313)**		
Share of Income from Joint Venture	5,238	0	0		
SURPLUS FOR THE YEAR	**2,002,211**	**2,487,959**	**(485,748)**		

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eThekwini Municipality and its Municipal Entities
APPENDIX C(1A) : - ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2010

1. Rental of Facilities and Equipment - Increase

   The increase in income from the rental of facilities and equipment is mainly attributable to an increase in the number of facilities generating rental income.

2. Interest Earned - External Investments - Increase

   The decrease is due to lower interest rates and rapid decrease in investments to meet accelerated expenditure.

3. Fines

   Metro police - Despite various initiatives in place to encourage payment of fines, poor economic conditions & apathy of offenders to pay has resulted in a decline in income.

4. Planning & Development

   a. Decreases in the employee related costs due to non filling of vacancies
   b. Decrease in general expenses due to stringent control of costs
   c. Decreased building plans submissions especially for larger developments due to economic downturn.

5. Community & Social Services

   Savings due mainly to employee related costs:
   a.delay in filling of vacancies,
   b.vacancies held by Agency & Temporary staff were converted to permanent.

6. Housing

   The increase is due mainly to the increase in repairs and maintenance attributable to the additional upgrading of R293 properties.

7. Road Transport

   Savings is attributable to lessor repairs & maintenance due to the delayed commencement of the bus operation together with the introduction of the original Equipment Manufacture (OEM) contracts which resulted in the reduction of the rate charge by Agencies.

APPENDIX D (2):ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY,PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2010 -GROUP

Output Unit	2010 Actual	2010 Under Construction	2010Total Additions	Revised Budget	2010 Variance	2010 Variance %	Explanation of Significant Variances greater than 5% versus Budget
	R'000	R'000	R'000	R'000	R'000	%	
Procurement and Infrastructure							
Housing	124,129	12,048	136,177	59,100	77,077	130	Increase is due to the additional upgrades requested for the various hostels.
Engineering	2,175,317	-770,230	1,405,087	1,034,252	370,835	36	Major infrastructural development that was undertaken and the city beautification programme for 2010 World Cup.
Sanitation	238,743	209,300	448,043	444,462	3,581	1	Increase is due to construction and upgrades to sewer pump stations and extension of services.
Solid Waste	153,215	-35,025	118,190	80,340	37,850	47	Increase is due to purchase of additional specialised vehicles.
Water	1,545,392	163,762	1,709,154	1,181,949	527,205	45	Increase is due to acceleration of the A.C. mains water project.
Electricity Service	564,409	118,829	683,238	864,842	(181,604)	(21)	Under-expenditure is mainly attributable to delays in the supply of substation spares by suppliers and also contractor delays.
Health and Safety							
Parks, Recreation, Cemetries & Culture	151,761	-34,141	117,620	45,050	72,570	161	Increase is due to the fast tracking of the construction of the new Clermont swimming pool and beautification of City
Health	25,173	-17,644	7,529	2,756	4,773	173	Increase in the provision of Ablution Block facilities at Informal Settlements.
Safety Social and Security							
Emergency Services	64,189	-456	63,733	27,539	36,194	131	Increase is due to purchase of additional fire engines to ensure preparations for the 2010 World Cup.
Sustainable Development and City Enterprises							
Sustainable Development and City Enterprises	210,388	131,184	341,572	360,036	(18,464)	(5)	Delays in the construction of the Umnini M.P.C awaiting provincial approval.
Treasury							
Finance	38,024	453	38,477	75,639	(37,162)	(49)	Delays in the finalisation of the Revenue management system.
Real Estates	7,343		7,343	13,010	(5,667)	(44)	The underspending is due to delays in Land Purchase negotiations, transfers and registrations.
Durban Transport	76,332		76,332	76,142	190	0	
City Fleet	115,677	5,297	120,974	129,713	(8,739)	(7)	Delays in the processing of orders.
Governance							
Governance	13,405	3,349	16,754	21,096	(4,342)	(21)	The underspending is due to difficulties experienced in obtaining the specialised materials for the City Hall restoration project.
Corporate Human Resourses							
Human Resources	1,170	7,327	8,497	4,714	3,783	80	Increase is due to additional software required for the development of the new payroll and H.R system.
City Manager's Office							
Strategic Projects	3,677,356	-2,670,276	1,007,080	852,587	154,493	18	Increase is due to upgrade to the training venues and an accelerated beach upgrade programme for the 2010 World Cup.
Information Technology	188,196	-326	187,870	41,949	145,921	348	Increase is due to the acceleration of various fibre optic infrastructure projects eg. Metro Connect.
Durban Marine Theme Park (Pty)Ltd	37,471	-220	37,251	38,441	(1,190)	(3)	
Durban International Convention Centre (Pty)Ltd	6,099		6,099	8,531	(2,432)	(29)	
Total	**9,413,789**	**-2,876,769**	**6,537,020**	**5,362,148**	**1,174,872**	**22**	

eThekwini Municipality and its Municipal Entities

APPENDIX D (2):ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY,PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2010- MUNICIPALITY

Output Unit	2010 Actual	2010 Under Construction	2010Total Additions	Revised Budget	2010 Variance	2010 Variance %	Explanation of Significant Variances greater than 5% versus Budget
	R'000	R'000	R'000	R'000	R'000	%	
Procurement and Infrastructure							
Housing	124,129	12,048	136,177	59,100	77,077	130	Increase is due to the additional upgrades requested for the various hostels
Engineering	2,175,317	-770,230	1,405,087	1,034,252	370,835	36	Major infrastructural development that was undertaken and the city beautification programme for 2010 World Cup
Sanitation	238,743	209,300	448,043	444,462	3,581	1	Increase is due to construction and upgrades to sewer pump stations and extension of services
Solid Waste	153,215	-35,025	118,190	80,340	37,850	47	Increase is due to purchase of additional specialised vehicles
Water	1,545,392	163,762	1,709,154	1,181,949	527,205	45	Increase is due to acceleration of the A.C. mains water project
Electricity Service	564,409	118,829	683,238	864,842	(181,604)	(21)	Under-expenditure is mainly attributable to delays in the supply of substation spares by suppliers and also contractor delays
Health and Safety							
Parks, Recreation, Cemetries & Culture	151,761	-34,141	117,620	45,050	72,570	161	Increase is due to the fast tracking of the construction of the new Clermont swimming pool and beautification of City parks
Health	25,173	-17,644	7,529	2,756	4,773	173	Increase in the provision of Ablution Block facilities at Informal Settlements
Safety Social and Security							
Emergency Services	64,189	-456	63,733	27,539	36,194	131	Increase is due to purchase of additional fire engines to ensure preparations for the 2010 World Cup
Sustainable Development and City Enterprises							
Sustainable Development and City Enterprises	210,388	131,184	341,572	360,036	(18,464)	(5)	Delays in the construction of the Umnini M.P.C awaiting provincial approval.
Treasury							
Finance	38,024	453	38,477	75,639	(37,162)	(49)	Delays in the finalisation of the Revenue management system.
Real Estates	7,343		7,343	13,010	(5,667)	(44)	The underspending is due to delays in Land Purchase negotiations, transfers and registrations.
Durban Transport	76,332		76,332	76,142	190	0	
City Fleet	115,677	5,297	120,974	129,713	(8,739)	(7)	Delays in the processing of orders.
Governance							
Governance	13,405	3,349	16,754	21,096	(4,342)	(21)	The underspending is due to difficulties experienced in obtaining the specialised materials for the City Hall restoration project.
Corporate Human Resourses							
Human Resources	1,170	7,327	8,497	4,714	3,783	80	Increase is due to additional software required for the development of the new payroll and H.R system.
City Manager's Office							
Strategic Projects	3,677,356	-2,670,276	1,007,080	852,587	154,493	18	Increase is due to upgrade to the training venues and an accelerated beach upgrade programme for the 2010 World Cup.
Information Technology	188,196	-326	187,870	41,949	145,921	348	Increase is due to the acceleration of various fibre optic infrastructure projects eg. Metro Connect.
Total	9,370,219	-2,876,549	6,493,670	5,315,176	1,178,494	22	

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APPENDIX E : GRANTS AND SUBSIDIES RECEIVED - 30 JUNE 2009/2010

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 MFMA,56 OF 2003

NAME OF GRANTS	NAME OF ORGAN OF STATE OR MUNICIPAL ENTITY	QUARTELY RECEIPTS					QUARTELY EXPENDITURE					GRANTS AND SUBSIDIES DELAYED/ WITHHELD				REASON FOR DELAY OF FUNDS	DID YOUR MUNICIPALITY COMPLY WITH THE GRANT	REASON FOR NON COMPLIANCE
		Sept	Dec	Mar	Jun	Total	Sept	Dec	Mar	Jun		Sept	Dec	Mar	Jun		Yes/No	
		R'000	R'000	R'000	R'000		R'000		R'000	R'000		R'000	R'000	R'000	R'000			
Financial Management Grant	National Treasury	750	0	0	0	750	750,000	0	0	0	750,000	0	0	0	0	N/A	Yes	N/A
Municipal Infrastructure Grant	National Treasury	97,018	137,311	137,311	137,310	508,950	97,018	137,311	137,311	144,911	516,551	0	0	0	21,740	The delay arose due to differing financial year ends between National Treasury and the municipality.The matter has been reported to National Treasury and is being investigated	Yes	N/A
Equitable Share/Subsidy	National Treasury	368,451	508,104	228,798	0	1,105,353	447,290	357,976	265,392	0	0	0	0	0	0	N/A	Yes	N/A
Equitable Share - INK	National Treasury	9,017	7,214	5,412	0	21,643	9,197.00	7,214	5,410	0	0	0	0	0	0	N/A	Yes	N/A
Vuna Awards	National Treasury	0	0	0	0		39	39	13	19	110	0	0	0	0	N/A	Yes	N/A
DEAT	Provincial Government	0	0	2,085	0	2,085	160	786	1,064	558	2,568		0	0	0	N/A	Yes	N/A
NDPG	National Treasury	15,800	61,433	11,101	84,219	172,553	18,745	62,893	31,520	75,606	188,764	0	0	0	0	N/A	Yes	N/A
PTIF	KZN Dept of Transport	210	102	102	163	577	210	102	228	0	540	0	0	0	0	N/A	Yes	N/A
Grant - Accreditation	Provincial Government	0	0	0	0	0	0	96	0	0	96	0	0	0		N/A	Yes	N/A
Govt Subs - Primary Health	KZN of Health - State	0	0	0	50,745	50,745	10,605	10,564	10,753	18,823	50,745	0	0	0	0	N/A	Yes	N/A
Disaster Fund	National Treasury	0	0	0	0	0	0	0	0	0	0	0	0	0	0	N/A	Yes	N/A
Books	Provincial Government	0	706	0	0	706	0	0	706	0	706	0	0	0	0	N/A	Yes	N/A
Capital Grants - Dwaf	DWAF	151	8,215	0	0	8,366	151	0	8,215	0	8,215	0	0		0	N/A	Yes	N/A
2010 Fifa World Cup	National /Provincial Treasury	60,000	465,393	50,000	0	575,393	60,000	465,393	50,000	124,966	700,359	0	0	0	0	N/A	Yes	N/A
Department of Minerals and Energy Affairs	National Treasury	1,800	8,000	0		9,800	0	1,800	0	0	0	0	0	0	0	N/A	Yes	N/A
DIT	Provincial Government		0	2,989	0	2,989		0	2,989	0	2,989	0	0	0	0	N/A	Yes	N/A
Department of Arts and Culture	Provincial Government	0	0	263		263	0	0	0	0	0	0	0	0	0	N/A	Yes	N/A
Office of the Premier	Provincial Government	0	134	0	0	0	0	0	134	0	134	0	0	0	0	N/A	Yes	N/A
Department of Provincial and Local Grant	Provincial Government	0	0	0	0	0	0	31	0	0	31	0	0	0	0	N/A	Yes	N/A
Department of Local Government and Traditional Affairs	Provincial Government	0	1,000	0	0	1,000	0	0	0	4,954	4,954	0		0	0	N/A	Yes	N/A
Intergrated National Electrification Program	National Treasury	0	47,800	0	0	47,800	0	47,800	0	0	47,800	0	0	0	0	N/A	Yes	N/A
NRF	National Research Foundation	25	23	0	0		18	18	18		54	0	0	0	0	N/A	Yes	N/A
Department of Housing	Provincial Government	120,670	184,585	0	0	305,255			205,541	137,688	343,229	0	0	0	0	N/A	Yes	N/A
ICT	Provincial Government	0	1,531	0	0	0	0	0	1,531	0	0	0	0	0	0	N/A	Yes	N/A
Expanded Public Work Incentive Grant	National Treasury	0	0	19,104	24,139		0	0	0	0	0	0	0	0	0	N/A	Yes	N/A
INTERNATIONAL WORLD MATH		519,877	0	0	0	0	1,789	0	0	0	0	0	0	0	0	N/A	Yes	N/A
Grand Total		1,193,769	1,431,551	457,165	296,576	2,814,227.94	1,395,222	1,092,023	720,825	507,525	2,617,845	0	0	0	21,740			

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